No. 83-247

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1983

GORDON GOULD,
REFAC INTERNATIONAL, LTD., and
PATLEX CORPORATION,
Petitioners,

v.

CONTROL LASER CORPORATION and
HOLOBEAM LASER CORPORATION,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

1. WHETHER, AFTER EIGHTEEN YEARS OF PATENT OFFICE PROCEEDINGS FOLLOWED BY FIVE YEARS OF LITIGATION, A DISTRICT COURT CAN INDEFINITELY STAY A TRIAL OF AN INFRINGEMENT ACTION PENDING FINAL DISPOSITION OF A PATENT REEXAMINATION PETITION, FILED IN THE PATENT OFFICE UNDER THE NEW REEXAMINATION STATUTE BY THE ALLEGED INFRINGER ON THE EVE OF TRIAL.

2. WHETHER, AFTER *EX PARTE* PROCEEDINGS UNDER THE NEW PATENT REEXAMINATION STATUTE, THE PATENT OFFICE CAN REEXAMINE AND REVOKE A PATENT, THEREBY HALTING PENDING INFRINGEMENT LITIGATION, DEPRIVING THE PATENTEE OF A JURY TRIAL, EXERCISING JURISDICTION HISTORICALLY AND CONSTITUTIONALLY COMMITTED TO THE JUDICIARY, AND CONTRAVENING A JUDGMENT OF VALIDITY ISSUED BY AN ARTICLE III COURT.

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CITATION TO REPORTERS AND STATEMENT OF JURISDICTION

The opinion of the Court of Appeals for the Federal Circuit, reported at 705 F.2d 1345 (Fed. Cir. 1983), was entered on April 27, 1983. The opinion appears in the Appendix of this Petition. The Court of Appeals denied rehearing on May 16, 1983. The order of denial also appears in the Appendix. This Court's jurisdiction is invoked under 28 U.S.C. §1254(1).*

*All parties to this proceeding appear in the style of this case.

CONSTITUTIONAL AND STATUTORY PROVISIONS AND REGULATIONS INVOLVED

Article III, Section 1, Constitution of the United States:

> The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behaviour, and shall, at stated Times, receive for their Services, a Compensation, which shall not be diminished during their Continuance in Office.

Fifth Amendment, Constitution of the United States:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Seventh Amendment, Constitution of the United States:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

35 U.S.C. § 301-307. (This voluminous material appears in the appendix.

35 U.S.C. § 282.

> A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on the party avoiding it.

37 C.F.R. § 1.510-1.570. (This voluminous material appears in the appendix.)

Manual of Patent Examining Procedure. § 2240, ¶ 15.

> Where doubts exist, all questions should be resolved in favor of granting the request for reexamination.

Manual of Patent Examining Procedure, § 2244, ¶ 3.

> Any question as to whether a substantial new question of patentability exists should be resolved in favor of granting the request for reexamination.

STATEMENT OF THE CASE

This action presents a decisive chapter in perhaps the most protracted patent dispute in the history of this country. The patent at issue claims an invention of unique scientific and social importance – the light amplifier, popularly referred to as the "laser." (The term "laser" is an acronym for light amplification by stimulated emission of radiation.) The patent at issue is a foundational or pioneer patent to the laser – applied for in 1959 and granted in 1977.

Procedurally and technically, the details of this dispute are immensely complicated. However, this petition pre-

sents, in a relatively uncomplicated fashion, a new and important issue of patent and procedural law arising from a newly enacted statute. An explanation follows.

In 1959, Gordon Gould applied for a patent on the laser. After eighteen years of patent proceedings, including several interferences under 35 U.S.C. § 135, Gould was awarded a patent in October, 1977. Upon issuance, Gould's patent enjoyed a statutory presumption of validity. *See* 35 U.S.C. § 282. Because the patent claimed a device of worldwide significance and because the laser industry in 1977 had reached maturity, the patent presented monumental and adverse economic consequences to entities with profound economic power.

After issuance of the patent in 1977 and issuance of a related patent in 1979, a series of infringement and related actions ensued.[1]

In February, 1982, the first infringement trial under the patent occurred in San Francisco, California. The defendant, General Photonics Corporation, asserted several defenses, including the invalidity of Gould's laser patent.

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[1] *Gould et al. v. Lumonics Research, Ltd., General Motors Corporation,* Case No. 79 C 4594, United States District Court for the Northern District of Illinois; *Gould, et al. v. General Photonics Corp.*, Case No. C-78-1670 SC, United States District Court for the Northern District of California; *Gould, et al. v. Control Laser Corp., et al.*, Case No. 78-344-Orl-Civ-Y, United States District Court for the Middle District of Florida (from which this petition arises); *Gould, et al. v. Molectron Corp.*, Case No. C 82-2748 (EFL), United States District Court for the Northern District of California; and *Bell Telephone Laboratories, et al. v. Gould, et al.*, Case No. 82-Civ. 4508, United States District Court for the Southern District of New York.

In *Gould v. General Photonics Corp.*, 534 F. Supp. 399 (N.D. Cal. 1982), the district court held Gould's laser patent both valid and infringed. The district court found in Gould's favor on adequacy of disclosure, non-obviousness, and other issues typical of a judicial determination of patent validity.[2] A copy of *General Photonics* appears in the Appendix.

Upon entry of the judgment of validity in *General Photonics,* Gould's patent enjoyed an enhanced presumption of validity, the rebuttal of which requires greater than "clear and convincing evidence." *American Home Products Corp. v. Lockwood Mfg. Co.*, 483 F.2d 1120, 1125 (6th Cir. 1973), *cert. denied,* 414 U.S. 1158 (1974); *Calhoun v. U.S.*, 339 F.2d 665 (C.Cl. 1964); *Leesona Corp. v. Varta Batteries, Inc.*, 522 F. Supp. 1304 (S.D.N.Y. 1981).

Also upon entry of the judgment of validity, Gould's patent gained the valuable assistance of a novel doctrine of patent law, referred to as the "*Rovico* rule." Under the "*Rovico* rule," after an initial judicial validation, a patent is immune from further challenges to validity unless a subsequent litigant presents to another court a material and new issue of validity not decided during the first adjudication of validity. *American Photocopy Equipment Co. v. Rovico, Inc.*, 384 F. 2d 813 (7th Cir. 1967), *cert. denied,* 390 U.S. 945 (1968); *Mercantile Nat'l Bank of Chicago v.*

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[2]The district court states in *General Photonics* that "the term laser was coined by . . . Gordon Gould" and that "the page of his notebook where . . . Gordon Gould first coined the word has been displayed in the Smithsonian Institution."

Howmet Corp., 524 F.2d 1031 (7th Cir. 1975), *cert. denied*, 424 U.S. 957 (1976). The effect of the "*Rovico* rule," designed to prevent repeated, costly, and oppressive relitigation of the same issues of validity, resembles *res adjudicata* but is premised on the doctrine of *stare decisis*. *Illinois Tool Works, Inc. v. Foster Grant Co., Inc.*, 547 F.2d 1300 (7th Cir. 1976), *cert. denied*, 431 U.S. 929 (1977).

Therefore, enjoying the statutory presumption of validity, the enhanced presumption of validity resulting from judicial validation, and the immunizing effect of the "*Rovico* rule," Gould sought and received a trial date in *Gould, et al. v. Control Laser Corp., et al.*, the Florida infringement action from which this petition arises. (The basis for federal jurisdiction in the district court infringement action is 28 U.S.C. § 1338.)

The district court scheduled a jury trial for September 13, 1982. On the eve of trial, September 9, 1982, Control Laser Corporation ("Control Laser") and others petitioned the Patent and Trademark Office ("PTO"), for reexamination of Gould's judicially validated, presumptively valid, and substantially immune laser patent. This reexamination request occurred pursuant to 35 U.S.C. §§ 301-307, which had become effective on July 1, 1981, fourteen months earlier. The reexamination statute purportedly authorizes the PTO to revoke patents, even *judicially validated* patents, if the PTO resolves "substantial new questions of patentability" against the patentee. 35 U.S.C. §§ 303, 307.

A brief delay occurred and the pretrial and trial were rescheduled for October and November, respectively. At the pretrial conference in October, the district court entertained a motion by Control Laser for a continuance until completion of proceedings on the recently filed petition

for reexamination. On October 12, the district court, noting that "the instant case has been pending for five years," granted the continuance:

> . . . pending the outcome of a decision by the Patent Office on defendants' request for reexamination. If the Patent Office should decide to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final.

On November 16, 1983, the PTO "decided to consider the request for reexamination." In deciding to reexamine Gould's patent, the PTO confronted a formidable obstacle – the final judgment of validation in *Gould v. General Photonics*. After an entirely *ex parte* proceeding, in which PTO regulations forbid Gould from appearing (in fact, Gould's attempted submission was returned as an improper paper),[3] the PTO elected to disregard the adjudication of validity because of the PTO's perception that the defense in *General Photonics* was of inferior quality. In the order of reexamination, the PTO stated:

> *General Photonics* purports to have resolved some of the issues raised by the request for reexamination. The trial transcript of *General Photonics* reveals, however, the defendant was unable to fully defend the law suit from an

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[3]PTO rules provide at 37 C.F.R. §1.530(a) (1982) that:

> Except as provided in §1.510(e) [relating to requests for reexamination filed by the patent owner], no statement or other response by the patent owner shall be filed prior to the determinations [of a substantial new question of patentability] made in accordance with §§1.515 or 1.520. If a premature statement or other response is filed by the patent owner it will not be acknowledged or considered in making the determination.

> economic point of view . . . . While General Photonics' financial inability may bind it, the Court's decision cannot bind others.

In short, the PTO resolved (*ex parte* and without permitting any submission from Gould) to ignore the adjudication in *General Photonics*.[4] Accordingly, because the PTO decided to reexamine the patent, the district court entered a stay on February 3, 1983, stating that:

> . . . all further proceedings, including discovery, are STAYED, until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

The stay contained no term of duration. The stay may persevere indefinitely.

Gould appealed to the Court of Appeals for the Federal Circuit, asserting that the stay was impermissibly protracted and indefinite, effectively ousting Gould from court, and was, therefore, a final appealable order under 28 U.S.C. § 1291.

On April 27, 1983, pursuant to the appellee's motion to dismiss, the Federal Circuit dismissed Gould's appeal "for lack of jurisdiction." In discussing the stay, the court sum-

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[4]In contrast to the statutory and other presumptions of validity attaching to a judicially validated patent, the PTO's rules require at Sections 2240 and 2244, respectively, of the Manual of Patent Examining Procedure that:

> Where doubts exist, all questions should be resolved in favor of granting the request for reexamination.
>
> Any question as to whether a substantial new question of patentability exists should be resolved in favor of granting the request for reexamination.

marized the reason for permitting the indefinite, protracted stay in this case:

> When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay must be accepted if the purpose of the reexamination statute is to be preserved.

This petition for a writ of certiorari questions as a matter of first impression in this court both (1) the circumstances, if any, in which a district court should indefinitely stay litigation involving a judicially validated patent pending the outcome of administrative reexamination proceedings under the new reexamination statute and (2) the proper purpose and scope of the new reexamination statute, including the relationship between a judicial judgment of validity and the putative power to administratively reexamine and revoke the patent, notwithstanding earlier judicial validation and the pendency of infringement proceedings.

REASONS FOR GRANTING THE WRIT

THE DECISION BELOW CONFLICTS WITH DECISIONS OF BOTH THIS COURT AND OTHER COURTS OF APPEAL PROHIBITING PROTRACTED, INDEFINITE STAYS THAT EFFECTIVELY TERMINATE PENDING LITIGATION

In the order dismissing Gould's appeal, the Federal Circuit accurately states the law governing the appealability of stays:

> A stay may be an appealable "final" decision, and thus within the jurisdiction of an appellate court, when it effectively puts the parties out of the district court, either permanently because it terminates the action as a practical matter, or, as some courts have held, for a protracted or indefinite period . . . . Stays will not be vacated unless they are "immoderate or of an indefinite duration."

This rule is firmly established. *Moses H. Cone Memorial Hospital v. Mercury Const. Corp.*, ____ U.S. ____, 103 S.Ct. 927 (1983); *CTI-Container Leasing Corp. v. Uiterwyk Corp.*, 685 F.2d 1284 (11th Cir. 1982), *cert. denied*, ____ U.S. ____, 103 S.Ct. 820 (1983); *Idlewild Bon Voyage Liquor Corp. v. Epstein*, 370 U.S. 713 (1962); *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57 (7th Cir. 1980).

In this action, the circuit court has manufactured a novel and unexpected exception to the prohibition against protracted or indefinite stays of litigation. In this case, after eighteen years of patent proceedings followed by five years of litigation, the district court granted an indefinite and protracted stay, which clearly offends established limitations on the discretion of district courts to enter

stays. Evaluation of the circuit court's opinion reveals that this exception is an attempt to accommodate the perceived policy of the reexamination statute. The circuit court states that:

> When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay *must be accepted* if the purpose of the reexamination statute is to be preserved.

(emphasis supplied)

In supposed deference to the perceived policy of the reexamination statute, the circuit court has instituted an inflexible rule of procedural law permitting protracted and indefinite stays of patent actions pending the outcome of administrative patent reexamination. This exception is peculiar to patent actions. This exception apparently exists without respect to the earlier judicial validation of the patent. By force of the new exception, the courts have ceded to the PTO (or the PTO has seized) the essentially judicial function of adjudicating patent validity.

As a result of the creation of this new exception to the prohibition against protracted stays, an issue which would have proceeded to a definitive trial in November, 1982, is mired in a complex and protracted administrative reexamination procedure in the PTO, with no end in sight. If Gould eventually prevails in the PTO after several years of administrative proceedings and appeals, this action returns to the district court for trial and the intervening exertions are wasted.[5] As explored in the following section, if

[5]If Gould wins in the PTO, Control Laser presumably may relitigate in the district court (years from now) the same issues raised by Control Laser (and others) in the reexamination petitions. Col-

Gould loses in the PTO (and the reexamination result is upheld), five years of litigation is wasted and Gould's right to a jury trial disappears. This result is hostile to both the crowded dockets of the district courts and the notions of due process, economy, and expeditiousness that prompted this Court and others to prohibit protracted stays.

This Court should examine this new doctrine, created by a new court pursuant to a new statute. The issue is important to the administration of the patent laws, to every patentee and licensee, to the PTO, to the district courts, and to the relationship between the judiciary and an administrative agency.

THE DECISION BELOW PRESENTS NEW AND IMPORTANT ISSUES OF JUDICIAL AUTHORITY, INTERFERES WITH THE USUAL COURSE OF JUDICIAL PROCEEDINGS, AND CALLS FOR EXERCISE OF THIS COURT'S SUPERVISION

Historically, upon the issuance of a patent and subject to certain narrow limitations, the PTO lost its jurisdiction over patents. Thus, *McCormick Harvesting Machine Co. v. C. Aultman & Co.*, 169 U.S. 606, 609 (1898), holds that:

> The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the Courts of the United States, and not in the department which issued the patent.

Similarly, *United States v. American Bell Telephone Co.*, 128 U.S. 315, 364-65 (1888), holds that:

lateral estoppel and similar doctrines are unavailable because Control Laser is not a party to the reexamination. *PIC, Inc. v. Prescon Corp.*, 485 F. Supp. 1302 (D. Del. 1980).

> Patents are sometimes issued unadvisedly or by mistake, where the officer has no authority in law to grant them, or where another party has a higher equity and should have received the patent. In such cases courts of law will pronounce them void . . . . But one officer . . . is not competent to cancel or annul the act of his predecessor. *That is a judicial act, and requires the judgment of a court.*

(emphasis added) See also Northern Pipeline Const. Co. v. Marathon Pipe Line Co., ____ U.S. ____, 50 U.S.L.W. 4892 (1982); *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272 (1856); *In re Pearne*, 212 U.S.P.Q. 466 (Dec. Comm'r. Pat. 1981).

The judiciary is the exclusive forum for patent invalidation because ownership of a patent is a fully protected property right subject to deprivation only by the judiciary. As stated in *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 59 (7th Cir. 1980):

> Congress has seen fit to grant to the patentee "for the term of seventeen years . . . the right to exclude others from making, using, or selling the invention throughout the United States . . . ." 35 U.S.C. § 154. The seventeen-year exclusion is a right and not a matter of grace or favor. *James v. Campbell*, 104 U.S. 356, 358, 26 L.Ed. 786 (1881). It is a property right, *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96, 24 L.Ed. 68 (1876), of which the patentee cannot be deprived without due process of law.

By enacting reexamination statute, the Congress purported to authorize an administrative agency to invalidate patents, thereby invading the province of the judiciary. The effect of the circuit court's opinion construing the

statute in this action is to effectively complete the improper shift from the judiciary to the executive of a subject matter historically and constitutionally committed to the judiciary. In short, the reexamination statute ignores the separation of constitutional power between the judiciary and the executive, the authority of the judiciary, and the final, binding character of judicial judgments.

The shift of authority to the administrative agency is not without serious consequences for Gould. For example, in an action for patent infringement, the jury is to decide questions of patent validity, including, for example, the issues of novelty and priority of invention. *Swofford v. B & W, Inc.*, 336 F.2d 406 (5th Cir. 1964), *cert. denied*, 379 U.S. 962 (1965); *Hansen v. Safeway Stores, Inc.*, 238 F.2d 336 (9th Cir. 1956); *Raytheon Mfg. Co. v. Radio Corp. of America*, 76 F.2d 943 (1st Cir.), *aff'd*, 296 U.S. 459 (1935). However, reexamination of Gould's patents by the PTO deprives him of his Seventh Amendment right to a jury trial by perhaps irretrievably committing to an administrative agency the finding of facts pertinent to Gould's patent.

Also, although a detailed critique of the reexamination process is not properly included in this petition, one point is salient. Reexamination is not a due process hearing in the sense understood by most lawyers, litigants, and judges outside the practice of patent law. Reexamination is a tightly structured procedure permitting only the filing of papers and an "interview" between the patent and an examiner. The principal attributes of due process hearings and trials simply disappear. Reexamination involves no focused pleading, no meaningful motion practice, no document discovery, no depositions, no cross-examination, no experienced jurist, no jury, no transcript, and no right to argue and test the theories of the nominal adver-

sary — an examiner. A brief review of 35 C.F.R. §§ 1.525-1.565 disabuses anyone of the notion that reexamination is a preferred, effective, or even fair alternative to a court trial as a forum to determine a patentee's rights. More certainly, reexamination is an improper forum to revisit issues resolved after litigation conducted by the judiciary in accordance with established principles of due process. Gould's property right in his patent and in the judgment of validity in *General Photonics* are not subject to deprivation without the due process of law guaranteed by the judiciary. As stated in *Chicago and Southern Air Lines, Inc. v. Waterman Steamship Co.*, 333 U.S. 103, 113-114 (1948):

> Judgments, within the powers vested in courts by the Judiciary Article of the Constitution, may not lawfully be revised, overturned or refused faith and credit by another Department of Government.
>
> . . .
>
> It has also been the firm and unvarying practice of Constitutional Courts to render no judgment not binding and conclusive on the parties and none that are subject to later review or alteration by administrative action.

The new reexamination statute offends this Constitutional guarantee.

The net result of the circuit court's order in this action is to permit a federal administrative agency, acting *ex parte*, to terminate pending litigation and assume the essentially judicial function of invalidating a patent. This usurption of judicial authority is compounded in this case (and undoubtedly in others) because the agency casually disregarded a judicial adjudication of validity, which in normal patent cases enjoys an effect approaching that of *res adjudicata*.

This Court should examine this newly enacted statute for constitutional infirmities. This action presents especially the constitutional issues of (1) whether an administrative agency can revisit issues already determined by a judicial tribunal constituted under Article III of the Constitution of the United States and (2) whether the right to a jury trial is unconstitutionally eliminated or whether property is taken without due process if the judiciary cedes to the executive the authority to revoke patents (or to disregard earlier judgments of validity). These issues are important to the administration of the patent laws, to patentees and licensees, to the PTO, to the district courts, and to the relationship between the judiciary and an administrative agency.

CONCLUSION

For these reasons, a writ of certiorari should issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted,

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August 15, 1983

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, REFAC INTERNATIONAL, LTD., and PATLEX CORPORATION, Appellants,	)	Appeal No. 83-794
v.	)	ON MOTION
CONTROL LASER CORPORATION and HOLOBEAM CORPORATION, Appellees.	)	

Before MARKEY, *Chief Judge*, MILLER and SMITH, *Circuit Judges*.

MARKEY, Chief Judge.

ORDER

Having considered the submissions of the parties, IT IS ORDERED THAT:

Appellees' Motion to Dismiss is granted and the appeal is dismissed for lack of jurisdiction.

Appellants appealed from a February 3, 1983 order of the United States District Court for the Middle District of Florida staying proceedings before it until conclusion of a reexamination by the Patent and Trademark Office (PTO) of appellants' U.S. Patent No. 4,053,845. Appellees have moved for dismissal for lack of jurisdiction, asserting that the order for stay is not a "final" decision and is not therefore reviewable by this court.

An appeal of a stay order, like a mandamus petition (the high standards for which the appellants cannot meet), seeks interference by an appellate court with management of proceedings entrusted to the district court. Congress, in limiting appeals to "final" decisions, 28 U.S.C. § 1291, *as amended by* Federal Courts Improvement Act of 1982,

Pub. L. No. 97-164, §124, 96 Stat. 25, 36 (1982) (Act), has sought to avoid such interference and the resultant "enfeebling" of judicial administration. *Cobbledick* v. *United States,* 309 U.S. 323, 325 (1940). The same limitation applies to appeals to this court. 28 U.S.C. § 1295, added by § 127 of the Act. Stay orders should not ordinarily be viewed, therefore, as "final" and thus within the jurisdiction of an appellate court.

An exception has been recognized. A stay may be an appealable "final" decision, and thus within the jurisdiction of an appellate court, when it effectively puts the parties out of the district court, either permanently because it terminates the action as a practical matter, or, as some courts have held, for a protracted or indefinite period. *See Hines* v. *D'Artois,* 531 F.2d 726, 730 (5th Cir. 1976). A court has noted that because district courts have broad discretionary powers to control their dockets, stays will not be vacated unless they are "immoderate or of an indefinite duration." *See McKnight* v. *Blanchard,* 667 F.2d 477, 479 (5th Cir. 1982) (stay extending for seven years or longer is an abuse of discretion). The "effectively out of court" standard was applied by the Surpeme Court in holding "final" a denial of a motion for impaneling of a three-judge court in *Idlewild Liquor Corp.* v. *Epstein,* 370 U.S. 713, 715, n.2 (1962), and a grant of a stay pending resolution in state court of the sole issue before the federal court in *Moses H. Cone Memorial Hosp.* v. *Mercury Const. Corp.*, ____ U.S. ____, 103 S.Ct. 927, 933-934 (1983). That standard will be applied in consideration of orders for stay appealed to this court.

The present stay is not for such a protracted or indefinite period as to render its issuance an abuse of discretion. "[R]eexamination proceedings . . . including any ap-

peal to the Board of Appeals, will be conducted with special dispatch . . . ." 35 U.S.C. § 305 (Supp. V 1981). Assuming the PTO decision on reexamination is adverse to the patent holder and may therefore be appealed to this court, the stay would not be for a protracted or indefinite period of sufficient length to render its issuance a "final" decision.

Like *Cone Memorial Hospital,* appellants would appear to be effectively out of court with respect to claims canceled by the PTO. However, unlike the situation in *Cone Memorial Hospital,* stays to enable reexamination do not foreclose review on the merits by a federal court. District court and PTO decisions on the merits are both reviewable by this court.

The present stay has thus not terminated the action but has merely shifted to the PTO an issue (patent claim validity) involved in the dispute before the district court. One purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding). Early versions of what became the reexamination statute, 35 U.S.C. §§ 301-307 (Supp. V 1981), expressly provided for a stay of court proceedings during reexamination. S. 1679, 96th Cong., 1st Sess. § 310 (1979); H.R. 5075, 96th Cong., 1st Sess. § 310 (1979); S. 2446, 96th Cong., 2d Sess. § 310 (1980). An express provision was deemed unnecessary, however, as explained in the House Report:

> The bill does not provide for a stay of court proceedings. It is believed by the committee that *stay provisions are unnecessary in that such power already resides with the Court* to prevent

> costly pretrial maneuvering which attempts to *circumvent* the reexamination procedure. It is anticipated that these measures provide a useful and necessary *alternative* for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner. (emphasis added).

H.R. Rep. No. 1307 Part I, 96th Cong., 2d Sess. 4 (1980).

When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay must be accepted if the purpose of the reexamination statute is to be preserved.

Gould also seeks review of "the District Court's prior adverse orders, including, without limitation, orders of May 14, 1979, and September 10, 1979. . . ." Those prior orders were the subject of Appeal No. 83-610, which was dismissed by this court's February 22, 1983 Order and is binding on the present parties.

FOR THE COURT

April 27, 1983
Date

[sgd.] Howard T. Markey
Howard T. Markey,
Chief Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, REFAC INT'L, LTD. PATLEX CORPORATION Appellants,	)	
v.	)	No. 83-794
CONTROL LASER CORPORATION and HOLOBEAM LASER CORPORATION, Appellee.	)	

ORDER

A petition for reconsideration having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for reconsideration be, and the same is hereby, DENIED.

FOR THE COURT:

[signed; illegible]
CLERK

May 16, 1983
Date

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, et al.,
Plaintiffs,

vs

CASE NO. Civil Action No.
78-344-Orl-Civ-Y

CONTROL LASER CORPORATION, et al.,
Defendants.

ORDER

Plaintiff's Motion for Reconsideration of its October 12, 1982 order is DENIED; all further proceedings, including discovery, are STAYED, until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

DONE AND ORDERED in chambers at Tallahassee, Florida this 3rd day of February, 1983.

[signed] Maurice M. Paul
United States District Judge

Filed
Orlando, Fla.
Feb. 7, 1983
[signed] LTW
Clerk, U.S. District Court

M'Film Roll #42
Document #829

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UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

REEXAM CONT NO	FILING DATE	PATENT UNDER REEXAMINATION	ATTORNEY DOCKET NO.
0 0 0

The patent owner must submit, on a separate paper, the names of the attorneys or agents (maximum of three) which the owner desires to have printed on the reexamination certificate. If no names are submitted, none will appear on the certificate.

2. ☐ The request for reexamination is DENIED.

This decision is not appealable. 35 U.S.C. 303(c). Requester may seek review by a petition to the Commissioner within one month from the mailing date hereof. 37 C.F.R. 1.515(c).

In due course, a refund of $1200.00 will be made ☐ by treasury check or ☐ by credit to deposit account number _____ to the requester listed below unless notified otherwise. 35 U.S.C. 303(c).

Reexamination Control No. 90/000253

DECISION

A substantial new question of patentability affecting all claims of U.S. patent 4,053,845 to Gordon Gould (hereinafter the "Gould patent") is raised by the request for examination filed by Control Laser Corp., hereinafter the "Control Laser Request." In addition, several substantial new questions of patentability are raised by a request for reexamination filed September 9, 1982, by Bell Telephone Labs in Reexamination Control No. 90/000254, hereinafter the "Bell Labs Request." Accordingly reexamination is being ordered.

OPINION

The six substantial new questions of patentability which are raised by the Control Laser and Bell Labs requests are discussed herein.

1. First New Question

The Bell Labs Request alleges that claim 1 and the claims dependent therefrom are unpatentable under 35 U.S.C. 102 over Boeckner. A review of the file wrapper of the Gould patent reveals that Boeckner was cited by Gould to overcome a rejection based on 35 U.S.C. 112. However, the file does not indicate that the Examiner considered the question of whether Boeckner anticipates any claim under 35 U.S.C. 102. Additionally after issuance of the Gould patent, Gould agreed in a deposition that if you had a population inversion in any particular system, you would necessarily have a laser. Thus, in a deposition in *Gould* v. *Mossinghoff,* Civil Action No. 80-3287 in the U.S. District Court for the District of Columbia, the following examination took place:

"Q. (to Gould). If you had a population inversion in any particular system, would that necessarily mean you would have had a laser?

A. (by Gould). Yes.

Q. And why is that?

A. Well, the correctness of the Einstein stimulated emission theory had been established before this. And according to that theory if there was a population inversion, there would be amplification of the corresponding wave length or frequency."

In an amendment dated September 18, 1978, in the file of patent application, Serial No. 823,611 (the application involved in *Gould* v. *Mossinghoff, supra*), Gould, through counsel, states: "From the known laws of physics the Examiner should be aware of the fact that when you have a population inversion you inherently have a condition in which light amplification takes place."

According to Gould, Boeckner shows a population inversion in a cesium/helium optically pumped system. Gould's statements taken in combination with Boeckner raise a substantial new question of patentability: whether Boeckner anticipates under 35 U.S.C. 102 claims 1, 5, 6, 8, and 10.

2. Second New Question

The Bell Labs Request alleges that claim 1 and the claims dependent therefrom are unpatentable under 35 U.S.C. 103 over the Schawlow patent taken in view of Boeckner or the Dieke article. A review of the Gould patent file reveals that the Schawlow patent and the Boeckner article were cited during prosecution of the application which matured into the Gould patent. The Examiner rejected claims over the Schawlow patent. The Boeckner reference was cited by Gould to overcome a rejection based on 35 U.S.C. 112. The Gould patent file does not indicate that the Examiner considered whether any claim of the Gould patent was unpatentable over the Schawlow patent in combination with Boeckner. It is noted that in his reasons for allowance in the Gould patent file, the Examiner does not discuss the patentability of any claim over the Schawlow patent in combination with Boeckner. The Dieke article does not appear to have been considered.

Bell Labs limited its discussion of the second question of patentability to claim 1 and the claims dependent thereon. Claim 2 and the claims dependent therefrom call for an amplifying medium which has a broad band of energy levels and for rapid quenching via non-radiating transitions. Claim 11 has similar limitations. Bell Labs alleges that rare earth salts are known to have broad band transitions which interact by means of nonradiative processes. Bell

Labs also points out that the Dieke article discusses the excitation of rare earth salts with a mercury lamp. Accordingly, the combination of the Schawlow patent in view of Dieke may be as material to the patentability of claims 2, 3, 4, 7, 9, and 11 as the Schawlow patent and Boeckner are to the remaining claims. The Bell Labs Request therefore raises a second substantial new question of patentability: whether all claims are unpatentable under 35 U.S.C. 103 over the Schawlow patent in view of either Boeckner or the Dieke articles.

3. Third New Question

Bell Labs alleges that claim 2, the claims dependent thereon, and claim 11 are unpatentable under 35 U.S.C. 103 over the Schawlow patent, a patent to Bloembergen, and the Dieke article. The file wrapper of the Gould patent does not indicate that the Examiner considered or ruled on the question raised in the request. Inasmuch as the second question of patentability, *supra,* raises a substantial new issue of patentability over the Schawlow patent in combination with the Dieke article, it also follows that the Bell Labs allegations raise a substantial new question of patentability. The Bell Labs Request thus raises the following additional substantial new question of patentability: whether claims 2, 3, 4, 7, 9, and 11 are unpatentable under 35 U.S.C. 103 over the combination of the Schawlow patent, the Bloembergen patent, and the Dieke article.

4. Fourth New Question

As a further question of patentability, Bell Labs alleges that all claims of the Gould patent are unpatentable over a "preprint" of a Schawlow article subsequently published

on December 15, 1958, in *Physical Review* (the Schawlow article in *Physical Review* is the subject of requester's sixth new question, *infra*). The Control Laser request also mentions the preprint. During prosecution of the application which matured into the Gould patent, the Examiner reached the conclusion based on the record before him that the date of invention was December 1, 1958. As a result, the Examiner excluded as prior art all patents and printed publications having an effective date of December 1, 1958, or later. Hence, the Examiner determined *on the record then before him* that the Schawlow article in *Physical Review* was not prior art.

Bell Labs and Control Laser allege that the preprint of the published article was distributed to interested individuals in July, August, and September of 1958 and that Gould saw the preprint prior to December 1, 1958. Compare *Boileua* v. *Diamond,* 659 F.2d 247, 211 USPQ 489 (D.C.Cir. 1981). Both requestors correctly allege that the preprint is material to the patentability of all the claims of the Gould patent. The preprint is not discussed by the Examiner in his reasons for allowance in the Gould patent file. In deposition testimony by Gould in *Gould* v. *Control Laser Corp.,* Civil Action No. 78-344-Orl-Civ-Y in the U.S. District Court for the Middle District of Florida, Gould admits having seen the preprint prior to having his Notebook #2 dated (allegedly on December 1, 1958). The Gould file does not reveal that the Examiner was aware of this prior to the time the Gould patent issued. In view of the allegations in the two requests, an additional substantial new question of patentability is: whether all the claims are unpatentable under 35 U.S.C. 102 or 103 over the Schawlow preprint.

5. Fifth New Question

Bell Labs alleges that all the claims are unpatentable under 35 U.S.C. 102 or 103 over the Schawlow article published in *Physical Review*. Bell Labs further alleges that any antedating effort by Gould during prosecution of the application which matured into the Gould patent necessarily should have failed because Gould now admits seeing the Schawlow preprint prior to having his Notebook #2 dated on December 1, 1958. In effect, Bell Labs alleges that the PTO did not have the full story when the Examiner accorded Gould a date of invention of December 1, 1958. The Gould patent file does not reveal the extent to which the Examiner considered the preprint or if he was aware of Gould's knowledge thereof prior to December 1, 1958. Accordingly, the Bell Labs Request raises the issue of whether Gould may antedate *Physical* tability: whether all the claims of the Gould patent are unpatentable under 35 U.S.C. 102 or 103 over the Shawlow article published in *Physical Review*. As an ancillary matter, this substantial new question of patentability also raises the issue of whether Gould may8 antedate *Physical Review* under 37 CFR §1.131, specifically whether Gould can show his "completion of the invention in this country" before December 1, 1958.

6. Sixth New Question

Control Laser and Bell Labs allege that all the claims of the Gould patent are unpatentable over patents and printed publications having dates as prior art between about 1961 and 1981. For example, Bell Labs refers to an article by Devor published in 1971. Control Laser refers to Sorokin (Ref. AX) (a 1967 article) and Geusic et al. (Ref. ADD) (a 1964 article). The application which matured into the Gould patent was filed on August 16, 1974. It is

reasonable to assume that Gould would claim, under 35 U.S.C 120, the benefit of patent applications filed in 1967 and 1959. Bell Labs and Control Laser allege that Gould is not entitled to either a 1967 or a 1959 effective filing date because the CCPA (now the U.S. Court of Appeals for the Federal Circuit) held in *Gould* v. *Hellwarth,* 472 F.2d 1183, 176 USPQ 515 (CCPA 1973), that Gould's 1959 application did not teach – as of 1959 -- how to make any laser. The holding of the CCPA is not necessarily applicable to the sufficiency of the disclosure of any application filed by Gould in 1967 or 1974. After Gould filed in 1959, several events took place and numerous articles were published which suggest that a disclosure insufficent as of 1959 could have become enabling sometime thereafter. Some of these events and publications are mentioned in Lengyel, "Evolution of Masers and Lasers," *American Journal of Physics,* Vol. 34, No. 10, pp. 903-913 (1966). Some of the relevant events include Maiman's first operative ruby laser – made in 1960 after Gould's 1959 filing date. See Maiman's "Nature" article cited in Lengyel, *supra,* at footnote 20. Maiman's efforts were duplicated at other laboratories including TRG (where Gould was employed). See TRG Report No. TRG-134-TR-4 dated January 9, 1961. Javen et al. in 1960 were able to operate a helium-neon gas discharge laser. See the Javan et al. article in *Physical Review Letters* cited in Lengyel, *supra,* at footnote 22. Rabinowitz, Jacobs, and Gould claim to have been able to operate a cesium laser optically pumped with a helium lamp in 1961. See the Rabinowitz et al. article cited in Lengyel, *supra,* at footnote 26. Rabinowitz et al. were successful only after numerous unsuccessful attempts. See TRG Reports Nos. TRG-134-TR-1 through TRG-134-TR-6. In any event, Gould's British Patent Specifications (refs. AL, AM, AN, AO, AP, ALL, AMM) cited by Control Laser were published in 1964 – more

than one year prior to Gould's 1967 filing date. These British Patent Specifications disclose the invention claimed in the Gould patent.

The 1964 disclosure of the British Patent Specifications and the articles by Maiman and Rabinowitz are more material to the patentability of the claims of the Gould patent than is the other post 1961 literature cited by Bell Labs and Control Laser. If Gould is entitled to a 1959 effective filing date, he antedates both the British Patent Specifications and the other literature cited by Bell Labs and Control Laser. Mere entitlement to a 1967 date would antedate some of the cited literature, but not the British Patent Specifications or the Maiman and Rabinowitz articles. Hence, the material question is whether Gould is entitled to his 1959 filing date. It is true that the Examiner may have determined that Gould was entitled to a 1959 effective filing date. That determination may be inconsistent with the later holding and dicta in *Gould* v. *Mossinghoff,* 215 USPQ 310 (D.D.C. 1982). See particularly footnote 1 of the Court's opinion.

The Bell Labs and Control Laser Requests do not raise a substantial new question of patentability with respect to post 1961 literature which would not otherwise be raised by the British Patent Specifications and the articles by Maiman and Rabinowitz. Hence, the only relevant substantial new question of patentabililty is: whether all the claims of the Gould patent are unpatentable under 35 U.S.C. 102 or 103 over the British Patent Specifications and the articles by Maiman and Rabinowitz. The principal ancillary issue raised by this substantial new question of patentability is: whether Gould is entitled to a 1959 effective filing date under 35 U.S.C. 120.

FURTHER DISCUSSION

In ordering reexamination, consideration has been given to the holdings in *In re Pearne,* 212 USPQ 466 (Comm'r. Pat. 1981) and *Gould* v. *General Photonics Corp.,* 534 F.Supp. 399, 215 USPQ 116 (N.D.Cal. 1982).

General Photonics purports to have resolved some of the issues raised by the request for reexamination.

The trial transcript of *General Photonics* reveals, however, that defendant was unable to fully defend the law suit from an economic point of view. See pages 20, 21, 439, 440, 457, 462 through 477, 485, 490 through 493, and 540 of the trial transcript. In its opinion, the Northern District of California also discusses the defendant's attempt to justify its lack of defense. While General Photonics' financial inability may bind it, the Court's decision cannot bind others. *Grayson* v. *McGowan,* 543 F.2d 79, 192 USPQ 571 (9th Cir. 1975); *Philips Electronic and Pharmaceutical Industries, Inc.,* 450 F.2d 1164, 171 USPQ 641 (3rd Cir. 1971). Additionally, since General Photonics was unable to mount an adequate defense, it can not be concluded that there has been a "thorough consideration" of the issues in an adversary context. Compare *In re Pearne,* supra.

Other litigation involving the gould patent is pending:

Bell Telephone v. Refac
Civil Action No. 82 CIV 4508
Southern District of New York

Gould v. Control Laser
Civil Action No. 78-344-Orl-Civ-Y
Middle District of Florida

Gould v. Molectron Corp.
Civil Action No. 82-3748-EFL
Northern District of California

In *Control Laser,* the Middle District of Florida has stayed proceedings in the civil action until any reexamination decision in the PTO is considered final. This is an indication that the Court would be interested in the PTO's decision on the merits in any reexamination proceeding. It goes without saying that the *General Photonics* decision is not necessarily binding on the courts in the three other above-identified civil actions.

Apart from General Photonics' lack of adequate defense, there are issues present in this reexamination proceeding which were not involved in *General Photonics,* such as the significance of the Schawlow preprint. The position successfully argued by the Commissioner in *Gould* v. *Mossinghoff,* 215 USPQ 310 (D.D.C. 1982), does not appear to have been urged or decided in *General Photonics.* Moreover, several holdings in *General Photonics* may be at odds with the CCPA's decision in *Gould* v. *Hellwarth, supra.*

In view of the above, the *General Photonics* decision does not preclude reexamination.

REQUEST FOR INFORMATION

The patent owner is requested to supply the following in connection with this reexamination. Before a first action on the merits, the information requested in (1), (2), and (3) below may be presented *only* as a part of a statement under 37 CFR §1.530. Items (4), (5), and (6) if submitted without accompanying argument, may be submitted by the patent owner under 37 CFR §§1.565(a) and 1.555(a) respectively. The Examiner would prefer to have items (1) through (6) submitted along with a statement under 37 CFR §1.530.

(1) Indicate which claims, if any, of the Gould patent patentee believes would be infringed by the ruby laser disclosed by Maiman in the *Nature* article.

(2) Indicate (by page and line) what portions of the specification of Serial No. 804,540, filed April 6, 1959, support the limitations in claims 2 and 11 of the Gould patent.

(3) Indicate which claims, if any, of the Gould patent patentee believes would be infringed by an optically pumped cesium/helium laser, such as the laser disclosed in the Rabinowitz article.

(4) Submit complete copies of all depositions of Gordon Gould in all litigation involving any Gould patent which claims an effective filing date of April 6, 1959 based on Serial No. 804, 540 (patentee need not supply a copy of Gould's deposition in *Gould* v. *Mossinghoff* or his trial testimony in *Gould* v. *General Photonics*).

5) Submit copies of all patents and printed publications, including literature articles, known to patentee which are dated prior to April 6, 1959, and which disclose a population inversion obtained by optical pumping.

(6) Submit complete copies of all exhibits mentioned on pages 155 through 295 of the Jacobs deposition in *Gould* v. *Control Laser,* Civil Action 78-344-Orl-Civ-Y. The deposition was submitted in this reexamination proceeding by Control Laser.

Harvey Behrend
703-557-2894
Original Signed by
Samuel W. Engle

Harvey E. Behrend
Examiner
Group Art Unit 221

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, REFAC INTERNATIONAL, LTD. and PATLEX CORPORATION,
Plaintiffs,
vs.
CONTROL LASER CORPORATION AND HOLOBEAM CORPORATION,
Defendants.

Case No. 78-344-Orl-Civ-Y

ORDER AND NOTICE OF PRETRIAL CONFERENCE AND JURY TRIAL

This cause came before the Court for status conference. In accordance with the Court's ruling from the bench, it is

ORDERED that plaintiffs' motion for leave to file fifth amended and supplemental complaint be and is hereby denied without prejudice to the dropping of Creative Patents, Inc. as a party plaintiff and without prejudice to plaintiff relying on the recently decided case of *Gordon Gould* v. *General Photonics Corp.*, Case No. C-78-1670SC (N.D. Calif., March 1, 1982), during the trial of the case; it is further

ORDERED that upon defendants' withdrawal of its previously filed objection to the appearance of Richard I. Samuel as counsel of record for plaintiff in this case, plaintiffs' motion *ore tenus* for the readmission of Richard I. Samuel to the bar of this court for the limited purpose of proceeding as counsel for plaintiff in this case be and is hereby granted; it is further

ORDERED that ruling on plaintiffs' motion to compel discovery be and is hereby deferred pending the court's

resolution of defendants' pending motions for summary judgment and partial summary judgment. If the motions for summary judgment and partial summary judgment are denied, plaintiffs' motion to compel discovery will be granted by further order of court. Such order, however, will insure the protection of the confidentiality of the figures of defendant sought by plaintiffs' motion to compel by providing that such information is to be disclosed only to counsel for plaintiff. The trial of this action will be bifurcated as to the issues of liability and damages. If the jury should return a verdict for the plaintiff on the question of liability, the case will then proceed to trial on the question of damages and then, and only then, will the figures sought by plaintiff in its motion to compel discovery become a matter of public record; and it is further

ORDERED that this case be and is hereby set for pretrial conference at 9:00 A.M. on Wednesday, September 8, 1982 and for jury trial commencing Monday, September 13, 1982 at 10:00 A.M. in Courtroom #3, United States Courthouse. Discovery is hereby reopened until Wednesday, September 1, 1982.

DONE AND ORDERED in Chambers at Orlando, Florida, this 2nd day of June, 1982.

GEORGE C. YOUNG

SENIOR UNITED STATES
DISTRICT JUDGE

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UNITED STAES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, et al.,

Plaintiffs,

vs.

CONTROL LASER CORPORATION, et al.,

Defendants.

No. 78-344-Orl-Civ-Y

ORDER

This cause came before the Court this date for a hearing on defendants' pending motions for summary judgment, motion for continuance and pretrial conference.

Patent laws provide for reexaminations of issued patents by the Patent Office under 35 U.S.C. §§301-307. Within three months after a request for reexamination is filed, the Patent Office will order reexamination of the patent if a substantial new question of patentability is raised by the request. *Id.* §303(a). On September 3, 1982 defendants filed a request for reexamination with the Patent Office. Even through the instant case has been pending for five years, at this point a decision by the Patent Office to reexamine the patent here in suit would place the question of the validity of this patent before an expert and may facilitate any subsequent trial by eliminating issues determined by the Patent Office. Accordingly, upon consideration and following oral argument on defendants' motion for continuance, it is

ORDERED that the motion for continuance be and is hereby granted pending the outcome of a decision by the

Patent Office on defendants' request for reexamination. If the Patent Office should decided to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final. On the other hand, if the Patent Office should decide not to consider the request for reexamination, this case will be set for trial in the first quarter of 1983 by further order of the Court.

DONE and ORDERED in Chambers at Orlando, Florida, this 12th day of October, 1982.

[signed] Maurice M. Paul
Maurice M. Paul
United States District Judge

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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, REFAC INTERNATIONAL, LTD., and PATLEX CORPORATION,
Plaintiffs,

vs.

CONTROL LASER CORPORATION and HOLOBEAM CORPORATION,
Defendants.

Case No. 78-344-Orl-Civ-Y

ORDER

This cause came before the Court today for pretrial conference. Because of the circumstances previously disclosed to counsel as a possible basis for the recusal of the undersigned judge and in accordance with the Court's ruling from the bench this date, it is

ORDERED that the trial scheduled to begin on September 13, 1982 be and is hereby reset to commence November 1, 1982 with the Honorable Maurice Paul, United States District Judge presiding, and with the pretrial conference to be set before Judge Paul by further order; and it is further

ORDERED that the portion of the Court's Order of July 16, 1982 denying the motion for summary judgment filed May 1, 1980 on behalf of the defendants and denying the motion for summary judgment filed July 3, 1980 be and is hereby VACATED.

SO ORDERED in Chambers at Orlando, Florida, this 8th day of September, 1982.

GEORGE C. YOUNG
SENIOR UNITED STATES DISTRICT JUDGE

FILED
Orlando, Fla.
Sep 8 1982
Clerk
U.S. District Court
Sep 14 1982

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CHAPTER 30—PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

§ 301. Citation of prior art.

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

§ 302. Request for reexamination.

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by Commissioner.

(a) Within three months following the filing of a request for reexamination under the provisions of section 301 of this title, the Commissioner will determine whether

a substantial new question of patentability affecting any claim of the patent concerned is raised by request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

(b) A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.

§ 304. Reexamination order by Commissioner.

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to this patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reex-

amination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

§ 305. Conduct of reexamination proceedings.

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Appeals, will be conducted with special dispatch within the Office.

§ Appeal.

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

§ 307. Certificate of patentability, unpatentability, and claim cancellation.

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

SUBPART D—REEXAMINATION OF PATENTS

Citation of Prior Art

§ 1.501 Citation of prior art in patent files

(a) At any time during the period of enforceability of a patent, any person my cite to the Patent and Trademark Office in writing prior art consisting of patents or printed publications which that person states to be pertinent and applicable to the patent and believes to have a bearing on the patentability of any claim of a particular patent. If the citation is made by the patent owner, the explanation of paterinency and applicability may include an explanation

of how the claims differ from the prior art. Citations by the patent owner under § 1.555 and by a reexamination requester under either § 1.510 or § 1.535 will be entered in the patent file during a reexamination proceeding. The entry in the patent file of citations submitted after the date of an order to reexamine pursuant to § 1.525 by persons other than the patent owner, or a reexamination requester under either § 1.510 or § 1.535, will be delayed until the reexamination proceedings have been terminated.

(b) If the person making the citation wishes his or her identity to be excluded from the patent file and kept confidential, the citation papers must be submitted without any identification of the person making the submission.

(c) Citation of patents or printed publications by the public in patent files should either (1) reflect that a copy of the same has been mailed to the patent owner at the address as provided for in § 1.33(c); or in the event service is not possible (2) be filed with the Office in duplicate.

REQUEST FOR REEXAMINATION

§ 1.510 Request for reexamination

(a) Any person may, at any time during the period of enforceability of a patent, file a request for reexamination by the Patent and Trademark Office of any claim of the patent on the basis of prior art patents or printed publications cited under § 1.501. The request must be accompanied by the fee for requesting reexamination set in § 1.21(x).

(b) Any request for reexamination must include the following parts:

(1) a statement pointing out each substantial new question of patentability based on prior patents and printed publications.

(2) An identification of every claim for which reexamination is requested, and a detailed explanation of the pertinency and manner of applying the cited prior art to every claim for which reexamination is requested. If appropriate the party requesting reexamination may also point out how claims distinguish over cited prior art.

(3) A copy of every patent or printed publication relied upon or referred to in paragraph (b)(1) and (2) of this section accompanied by an English language translation of all the necessary and pertinent parts of any non-English language patent or printed publication.

(4) The entire specification (including claims) and drawings of the patent for which reexamination is requested must be furnished in the form of cut-up copies of the original patent with only a single column of the printed patent securely mounted or reproduced in permanent form on one side of a separate paper. A copy of any disclaimer, certificate of correction, or reexamination certificate issued in the patent must also be included.

(5) A certification that a copy of the request filed by a person other than the patent owner has been served in its entirety on the patent owner at the address as provided for in § 1.33(c). The name and address of the party served must be indicated. If service was not possible, a duplicate copy must be supplied to the Office.

(c) If the request does not include the fee for requesting reexamination or all of the parts required by paragraph (b) of this section, the person identified as requesting reexamination will be so notified and given an opportunity to complete the request within a specified time. If the fee for requesting reexamination has been paid but the defect in the request is not corrected within the specified time, the determination whether or not to in-

stitute reexamination will be made on the request as it then exists. If the fee for requesting reexamination has not been paid, no determination will be made and the request will be placed in the patent file as a citation if it complies with the requirements of § 1.501(a).

(d) The filing date of the request is: the date on which the request including the entire fee for requesting reexamination is received in the Patent and Trademark Office; or (2) the date on which the last portion of the fee for requesting requesting reexamination is received.

(e) A request filed by the patent owner, may include a proposed amendment in accordance with § 1.121(f).

(f) If a request is filed by an attorney or agent identifying another party on whose behalf the request is being filed, the attorney or agent must have a power of attorney from that party or be acting in a representative capacity pursuant to § 1.34(a).

§ 1.515 Determination of the request for reexamination

(a) Within three months following the filing date of a request for reexamination, an examiner will consider the request and determine whther or not a substantial new question of patentability affecting any claim of the patent is raised by the request and the prior art cited therein, with or without consideration of other patents or printed publications. The examiner's determination will be based on the claims in effect at the time of the determination and will become a part of the official file of the patent and will be given or mailed to the patent owner at the address as provided for in § 1.33(c) and to the person requesting reexamination.

(b) Where no substantial new question of patentability has been found, a refund of a portion of the fee for requesting reexamination will be made to the requester in accordance with § 1.26(c).

(c) The requester may seek review by a petition to the Commissioner under § 1.181 within one month of the mailing date of the examiner's determination refusing reexamination. Any such petition must comply with §1.181(b). If no petition is timely filed or if the decision on petition affirms that no substantial new question of patentability has been raised, the determination shall be final and nonappealable.

§ 1.520 Reexamination at the initiative of the commissioner

The Commissioner, at any time during the period of enforceability of a patent, may determine whether or not a substantial new question of patentability is raised by patents or printed publications which have been discovered by the Commissioner or which have been brought to the Commissioner's attention even though no request for reexamination has been filed in accordance with § 1.510. The Commissioner may initiate reexamination without a request for reexamination pursuant to § 1.510. Normally requests from outside the Patent and Trademark Office that the Commissioner undertake reexamination on his own initiative will not be considered. Any determination to initiate reexamination under this section will become a part of the official file of the patent and will be given or mailed to the patent owner at the address as provided for in § 1.33(c).

REEXAMINATION

§ 1.525 Order to Reexamine

(a) If a substantial new question of patentability is found pursuant to §§ 1.515 or 1.520, the determination will include an order for reexamination of the patent for resolution of the question. If the order for reexamination resulted from a petition pursuant to § 1.515(c), the reexamination will ordinarily be conducted by an examiner other than the examiner responsible for the initial determination under § 1.515(a).

(b)If the order for reexamination of the patent mailed to the patent owner at the address as provided for in § 1.33(c) is returned to the Office undelivered, the notice published in the *Official Gazette* under § 1.11(c) will be considered to be constructive notice and reexamination will proceed.

§ 1.530 Statement and amendment by patent owner

(a) Except as provided in § 1.510(e), no statement or other response by the patent owner shall be filed prior to the determinations made in accordance with §§ 1.515 or 1.520. If a premature statement or other response is filed by the patent owner it will not be acknowledged or considered in making the determination.

(b) The order for reexamination will set a period of not less than two months from the date of the order within which the patent owner may file a statement on the new question of patentability including any proposed amendments the patent owner wishes to make.

(c) Any statement filed by the patent owner shall clearly point out why the subject matter as claimed is not anticipated or rendered obvious by the prior art patents or

printed publications, either alone or in any reasonable combinations. Any statement filed must be served upon the reexamination requester in accordance with § 1.248.

(d) Any proposed amendments to the description and claims must be made in accordance with § 1.121(f). No amendment may enlarge the scope of the claims of the patent or introduce new matter. No amended or new claims may be proposed for entry in an expired patent. Moreover, no amended or new claims will be incorporated into the patent by certificate issued after the expiration of the patent.

(e) Although the Office actions will treat proposed amendments as though they have been entered, the proposed amendments will not be effective until the reexamination certificate is issued.

§ 1.535 Reply by requester

A reply to the patent owner's statement under § 1.530 may be filed by the reexamination requester within two months from the date of service of the patent owner's statement. Any reply by the requester must be served upon the patent owner in accordance with § 1.248. If the patent owner does not file a statement under § 1.530, no reply or other submission from the reexamination requester will be considered.

§ 1.540 Consideration of responses

The failure to timely file or serve the documents set forth in § 1.530 or in § 1.535 may result in their being refused consideration. No submissions other than the statement pursuant to § 1.530 and the reply by the requester pursuant to § 1.535 will be considered prior to examination.

§ 1.550 Conduct of reexamination proceedings

(a) All reexamination proceedings, including any appeals to the Board of Appeals, will be conducted with special dispatch within the Office. After issuance of the reexamination order and expiration of the time for submitting any responses thereto, the examination will be conducted in accordance with §§ 1.104—1.119 and will result in the issuance of a reexamination certificate under § 1.570.

(b) The patent owner will be given at least 30 days to respond to any Office action. Such response may include further statements in response to any rejections and/or proposed amendments or new claims to place the patent in a condition where all the claims, if amended as proposed, would be patentable.

(c) The time for reply set in paragraph (b) of this section will be extended only for sufficient cause, and for a reasonable time specified. Any request for such extension must be filed on or before the day on which action by the patent owner is due, but in no case will the mere filing of the request effect any extension.

(d) If the patent owner fails to file a timely and appropriate response to any Office action, the reexamination proceeding will be terminated and the Commissioner will proceed to issue a certificate under § 1.570 in accordance with the last action of the Office.

(e) The reexamination requester will be sent copies of Office actions issued during the reexamination proceeding. Any document filed by the patent owner must be served on the requester in the manner provided in § 1.248. The document must reflect service or the document may be refused consideration by the Office. The active par-

ticipation of the reexamination requester ends with the reply pursuant to § 1.535, and no further submissions on behalf of the reexamination requester will be acknowledged or considered. Further, no submissions on behalf of any third parties will be acknowledged or considered unless such submissions are (1) in accordance with § 1.510 or (2) entered in the patent file prior to the date of the order to reexamine pursuant to § 1.525. Submissions by third parties, filed after the date of the order to reexamine pursuant to § 1.525, must meet the requirements of and will be treated in accordance with § 1.501(a).

§ 1.552 Scope of reexamination in reexamination proceedings

(a) Patent claims will be reexamined on the basis of patents or printed publications.

(b) Amended or new claims presented during a reexamination proceeding must not enlarge the scope of the claims of the patent and will be examined on the basis of patents or printed publications and also for compliance with the requirements of 35 U.S.C. 112 and the new matter prohibition of 35 U.S.C. 132.

(c) Questions other than those indicated in paragraphs (a) and (b) of this section will not be resolved in a reexamination proceeding. If such questions are discovered during a reexamination proceeding, the existence of such questions will be noted by the examiner in an Office action, in which case the patent owner may desire to consider the advisability of filing a reissue application to have such questions considered and resolved.

§ 1.555 Duty of disclosure in reexamination proceedings

The owner of a patent involved in a reexamination proceeding who is aware, or becomes aware, of patents or printed publications material to the reexamination which have not been previously made of record in the patent file must bring such patents or printed publications to the attention of the Office. A prior art statement, preferably in accordance with § 1.98, should be filed within two months of the date of the order for reexamination, or as soon thereafter as possible in order to bring such patents or printed publications to the attention of the Office.

§ 1.560 Interviews in reexamination proceedings

(a)Interviews in reexamination proceedings pending before the Office between examiners and the owners of such patents or their attorneys or agents of record must be had in the Office at such times, within Office hours, as the respective examiners may designate. Interviews will not be permitted at any other time or place without the authority of the Commissioner. Interviews for the discussion of the patentability of claims in patents involved in reexamination proceedings will not be had prior to the first official action thereon. Interviews should be arranged for in advance. Requests that reexamination requesters participate in interviews with examiners will not be granted.

(b) In every instance of an interview with an examiner, a complete written statement of the reasons presented at the interview as warranting favorable action must be filed by the patent owner. An interview does not remove the necessity for response to Office actions as specified in § 1.111.

§ 1.565 Concurrent office proceedings

(a) In any reexamination proceeding before the Office, the patent owner shall call the attention of the Office to any prior or concurrent proceedings in which the patent is or was involved such as interferences, reissue, reexaminations, or litigation and the results of such proceedings.

(b) If a patent in the process of reexamination is or becomes involved in interference proceedings or a reissue application is filed for the patent, or litigation is instituted, the Commissioner shall determine whether or not to stay the reexamination, reissue or interference proceeding. If reexamination is stayed for the conduct of a reissue proceeding, the reissue proceeding shall take into account prior art provided by the requester for reexamination and the reexamination requester will be granted at least the same degree of participation in the reissue proceeding which the requester would have had in the reexamination proceeding. Any reexamination proceeding stayed for the conduct of a reissue proceeding shall be terminated by the grant of the reissued patent.

(c) If reexamination is ordered while a prior reexamination proceeding is pending, the reexamination proceedings will be consolidated and result in the issuance of a single certificate under § 1.570.

CERTIFICATE

§ 1.570 Issuance of reexamination certificate after reexamination proceedings

(a) Upon the conclusion of reexamination proceedings, the Commissioner will issue a certificate in accordance with 35 U.S.C. 307 [35 U.S.C.A. § 307] setting forth the results of the reexamination proceeding and the

content of the patent following the reexamination proceeding.

(b) A certificate will be issued in each patent in which a reexamination proceeding has been ordered under § 1.525. Any statutory disclaimer filed by the patent owner will be made part of the certificate.

(c) The certificate will be mailed on the day of its date to the patent owner at the address as provided for in § 1.33(c). A copy of the certificate will also be mailed to the requester of the reexamination proceeding.

(d) If a certificate has been issued which cancels all of the claims of the patent, no further Office proceedings will be conducted with regard to that patent or any reissue applications or reexamination requests relating thereto.

(e) If the reexamination proceeding is terminated by the grant of a reissued patent as provided in § 1.565(b), the reissued patent will constitute the reexamination certificate required by this section and 35 U.S.C. 307.

(f) A notice of the issuance of each certificate under this section will be published in the *Official Gazette* on its date of issuance.

ORIGINAL

MAR 1 1982 **FILED**

WILLIAM L. WHITTAKER
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GORDON GOULD, REFAC INTERNATIONAL, LIMITED, and PATLEX CORPORATION,	)	
Plaintiffs,	)	No. C-78-1670 SC
- vs -	)	
GENERAL PHOTONICS CORPORATION,	)	JUDGMENT
Defendant.	)	

After trial, and for good cause shown,

It is hereby ordered, adjudged and decreed that:

(1) United States Patent No. 4,053,845 is valid;

(2) Plaintiffs shall have and take judgment herein against defendant General Photonics Corporation; and

(3) Plaintiffs shall recover from defendant their costs incurred herein.

Dated: March 1, 1982.

/s/_____
United States District Judge

ORIGINAL
FILED

MAR 1 1982

WILLIAM L. WHITTAKER
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GORDON GOULD, REFAC INTERNATIONAL, LIMITED, and PATLEX CORPORATION,	)	
Plaintiffs,	)	No. C-78-1670 SC
- VS -	)	
GENERAL PHOTONICS CORPORATION,	)	FINDINGS OF FACT AND CONCLUSIONS OF LAW
Defendant.	)	

INTRODUCTION AND SUMMARY

This case came on regularly to be heard on February 8, 9, and 10, 1982, before the court sitting without a jury. The plaintiffs were represented by the firm of Lerner, David, Littenberg & Samuel, and the defendant was represented by James Hagan, Esq.

Plaintiff Gordon Gould holds a patent for optically pumped laser amplifiers issued by the United States Patent

and Trademark Office on October 11, 1977 (No. 4,053, 845). He alleges that the defendant has infringed and continues to infringe on this patent (the "patent-in-suit"). The defendant asserts that the patent in suit is invalid, and insists that the invention was previously made and patented by Dr. Charles Townes and Dr. Arthur Schawlow under two separately issued patents. The defendant further contends that the patent-in-suit was obvious from the prior art of Drs. Townes and Schawlow, and that it fails to adequately disclose how to build the invention as required by statute.

By issuing the patent-in-suit to plaintiff Gould, the Patent Office created a presumption of validity. That presumption can only be overcome by clear and convincing proof. Where the Patent Office has considered the most pertinent prior art before issuing the patent, the presumtpion of validity becomes even stronger. Plaintiff Gould has demonstrated that he retains a properly issued patent from the Patent Office. Furthermore, plaintiffs have presented evidence that the Gould patent was non-obvious, and that the patent discloses how to build the invention. The presumption of its validity is strengthened because the Patent Office considered the pertinent prior art, embodied in the Townes and Schawlow patents, when it issued the patent-in-suit.

The defendant has the legal burden of overcoming the presumption of validity. The defendant has offered no credible evidence to rebut this presumption. No patent expert testified in favor of defendant's contentions, nor did defendant present any evidence to establish prior art.

The defendant, in an attempt to justify its lack of an adequate defense, asserts the unaffordable expense of litigating this matter. Defendant alleges that plaintiffs

chose to litigate against it, before all other alleged infringers, because the others were more financially able to pursue an adequate defense to the patent-in-suit. However, the defendant's claims of disadvantage cannot excuse its failure to rebut the presumption of patent validity plaintiffs have raised. Judgment therefore must be rendered in favor of plaintiffs as to the validity of the patent.

Through stipulation, the parties have determined the scope of the patent-in-suit and the reasonable damages for past infringement. The court is left to decide whether the defendant's conduct justifies an award of treble damages or attorney's fees. The defendant attempted to acquire a license from plaintiffs under the patent-in-suit during the infringement period, and, in other respects, acted in good faith. The defendant's conduct did not rise to the level of willful infringement necessary to justify an award of treble damages. Furthermore, the defendant's conduct was not sufficiently exceptional to permit an award of attorney's fees.

As and for further findings of fact and conclusions of law the court sets forth the following:

FINDINGS OF FACT

Jurisdiction and Venue

1. Subject matter jurisdiction for plaintiffs' patent infringement claim is conferred upon this court by 28 U.S.C. § 1338(a). Venue for plaintiffs' patent infringement claim is properly laid in this court pursuant to 28 U.S.C. § 1400(b).

2. Subject matter jurisdiction with respect to defendant's counterclaim for a declaratory judgment is conferred upon this court by 28 U.S.C. §§ 1338(a) and 2201.

Parties

3. Plaintiff Gordon Gould, the patentee herein, is an individual born July 17, 1920. He presently is a citizen of the State of Virginia, residing at 9609 William Crossman Drive, Great Falls, Virginia.

4. Plaintiff Refact International Limited is a corporation of the State of Nevada, having its principal place of business at 122 East 42nd Street, New York.

5. Plaintiff Patlex Corporation is a corporation of the State of Pennsylvania, having its principal place of business at 44 West Lancaster Avenue, Ardmore, Pennsylvania.

6. Defendant General Photonics Corporation is a corporation of the State of California, having its principal place of business at 2255 F Martin Avenue, Santa Clara, California.

The Patent-in-Suit

7. U.S. Patent No. 4,053,845, the patent-in-suit, was issued October 11, 1977 to Gordon Gould as the inventor, and is entitled Optically Pumped Laser Amplifiers. Plaintiffs' Exhibit 1005.

8. The patent-in-suit was issued from Application Serial No. 498,065, filed August 16, 1974. That application was a continuation of Application Serial No. 644,035 filed March 6, 1967 (now abandoned) and Application Serial No. 804,540 filed April 6, 1959 (now abandoned). Application Serial No. 644,035 was a divisional application of Application Serial No. 804,540 and a continuation-in-part application of Application Serial No. 804,539, both of which were filed April 6, 1959.

9. Plaintiffs Refac International Limited and Patlex Corporation each have a sufficient interest in the patent-in-suit to be proper plaintiffs hereto.

The Invention

10. A light amplifier is a device which operates upon light of a given intensity and provides light having a greater intensity.

11. A light amplifier which operates upon the principle of stimulated emission of radiation (i.e., a "laser") is one which employs atoms, ions, or molecules, and which amplifies light while maintaining the frequency, phase, and direction of propagation of the light being amplified. The term laser was coined by plaintiff Gordon Gould as an acronum for light amplification by stimulated emission of radiation.[1]

12. A light amplifier can be employed as an essential part of a light oscillator, just as other amplifiers (radio and sound) are commonly employed to construct oscillators.

13. In 1978, as a result of the issuance of the patent-in-suit, Gordon Gould was named Inventor of the Year by the Association for Advancement of Invention and Innovation. Gordon Gould subsequently received similar awards from the American Society of Inventors in 1980 and the Inventor's Club of America on November 20, 1981.

14. Through the 1950's various people proposed different schemes to produce microwave amplification by stimulated emission of radiation (i.e., a "maser").

15. In or before January of 1957, plaintiff Gordon Gould proposed the construction of a microwave amplifier employing the principles of stimulated emission of radiation by optically exciting an amplification medium with unpolarized light (i.e., an optically pumped maser).

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[1]The page of his notebook where plaintiff Gordon Gouild first coined the word laser has been displayed in the Smithsonian Institute.

This proposal was based upon the principle that, at thermal equilibrium, states in materials separated by microwave frequencies had substantially similar populations, notwithstanding the fact that the upper state always had a slightly lower population than the lower state and that the spontaneous decay rate between these states was relatively low. A population inversion was to be achieved by optically depopulating a lower level in the medium with light from a discharge in the same material.

16. On or before November 13, 1957, plaintiff Gordon Gould conceived of a light amplifier. Gould's initial light amplifier operated on the principle of stimulated emission of radiation and was the first recognition that, in order to energize a material to amplify energy in the visible light region with unpolarized light, it was necessary to employ a different scheme of energization and deenergization and different relationships of energy levels in the material than was true for microwave frequencies. Gould realized that because the population differences in levels separated by light frequencies is substantial at room temperatures, and because the spontaneous decay rate for levels separated by light frequencies is so much greater than for those separated by microwave frequencies, the techniques suggested for microwave amplification by stimulated emission of radiation are totally inadequate for light amplification. Gould's initial effort contemplated using light emitted by a discharge from a given material as a pumping light source to pump the same material (the lasing medium). Thus, Gould initially suggested using potassium as a pumping light source to pump potassium as a lasing medium. Gordon Gould's Notebook No. 1, which recorded this conception, includes the first known use of the term "laser" and includes the page which has been displayed in the Smithsonian Institute. This notebook also suggested additional apparatus intended to cause the amplifier to oscillate.

17. By August 28, 1958, Gordon Gould has already written in final and highly organized form the first 23 pages of what eventually became an 87 page description of his inventions (hereinafter referred to as Gordon Gould Notebook No. 2).

18. The first 23 pages of Gordon Gould Notebook No. 2 were read, understood, and witnessed by Lawrence Wills on August 28, 1958, and thus were in existence at least as early as that date.

19. The first 23 pages of Gordon Gould Notebook No. 2 establish that Gordon Gould conceived of the invention set forth in the claims of the patent-in-suit at least as early as August 28. 1958.

20. From August 28, 1958 through December 1, 1958, Gordon Gould continued his activities, diligently completing Notebook No. 2, which was witnessed on December 1, 1958 by Richard T. Daily.

21. On or about December 2, 1958, Gordon Gould presented his patent attorney, Robert Keegan, Esq. with a written disclosure of his inventions which comprised his Notebook No. 2 and/or the TRG proposal which substantially incorporated the subject matter of his Notebook No. 2. From December 2, 1958 to April 6, 1959, Mr. Keegan diligently applied himself to the preparation and filing of Gordon Gould's original applications (filed on April 6, 1959) which led to the patent-in-suit, despite his simultaneous involvement in a complex and lengthy patent infringement trial in Utica, New York.

The Alleged Prior Art

22. U.S. Patent No. 2,929,922 (hereinafter the Schawlow and Townes '922 patent) was issued to Arthur Schawlow and Charles Townes on March 22, 1960, and is alleged by defendant as prior art vis-a-vis the patent-in-suit. The Schawlow and Townes '922 patent was the prin-

cipal reference considered by the United States Patent and Trademark Office in the application which led to the patent-in-suit. The claims of the patent-in-suit were allowed as constituting a patentable invention over the Schawlow and Townes '922 patent.

23. The Schawlow and Townes '922 patent discloses a light amplifier in which a discharge lamp of a given gaseous material pumps a volume of the same material. Their preferred embodiment was potassium pumping potassium.

24. The other prior art relied upon by the defendant in this action is U.S. Patent No. 2,879,439 in the name of Charles Townes, which was issued on March 24, 1959, on an application filed January 28, 1959 (hereinafter the Townes '439 patent was a continuation-in-part of U.S. patent application Serial No. 506,533, which was filed on tent application Serial No. 506,533, which was filed on May 6, 1955. This patent is less relevant that the art considered by the Patent Office.

25. To the extent that the Townes '439 patent contains disclosure of an optically pumped maser, this subject matter was discussed as prior art in the specification of the patent-in-suit and therefore was considered by the Examiner as prior art in issuing the patent-in-suit (see column 3, lines 1-20 of the patent-in-suit). The patent-in-suit (plaintiffs' Exhibit 1005) was issued October 1, 1977, based on an application filed in 1959 (as aforementioned).

Infringement

26. On October 4, 1977, defendant was placed on notice that plaintiffs considered each of defendant's optically pumped lasers to be an infringement of the patent-in-suit.

27. Each and every optically pumped laser amplifier apparatus, including each and every laser oscillator that

employs optically pumped laser amplification manufactured, used, and/or sold by General Photonics since October 11, 1977, is covered by the claims of the patent-in-suit and, accordingly infringes the patent-in-suit.

28. Following issuance of the patent-in-suit, defendant General Photonics infringed the patent-in-suit.

29. From the time of being placed on notice until the filing of ths lawsuit, correspondence and negotiations continued between Burton Bernard, President of General Photonics, and Eugene Lang of Refac, during which it appeared that a license between General Photonics and Gould would be consummated. In fact, during an interview with Laser Report, Mr. Bernard stated that he expected to accept the royalty arrangement being asked by plaintiffs. During this time defendant acted in good faith and desired to enter into a licensing agreement as an alternative to expensive litigation costs which it could not afford. The defendant is a small company with 17 employees and a net worth of $135,000. Defendant suffered losses of $10,000 in 1979 and $4,000 in 1980, and made a profit of $6,000 in 1981.

30. Based upon the facts set forth above and the evidence in the case, acts of infringement by defendant have not been willful and deliberate.

CONCLUSIONS OF LAW

1. United States Patent No. 4,053,845 (the patent-in-suit) is entitled to an effective filing date of April 6, 1959. 35 U.S.C. § 121.

2. The invention set forth in the patent-in-suit constitutes patentable subject matter as a new and useful machine or a new and useful improvement thereof. 35 U.S.C. § 101.

3. The claims of the patent-in-suit are not anticipated by Schawlow and Townes U.S. Patent No. 2,929,922 cited by the Patent Office Examiner who allowed said claims, by Townes U.S. Patent No. 2,879,439 relied upon by the defendant, the subject matter of which was considered by the Examiner, or by any other piece of prior art. 35 U.S.C. § 102; *Jones v. Vefco, Inc.*, 609 F.2d 409, 411 (9th Cir. 1979); *Saf-Gard Products, Inc. v. Service Parts, Inc.*, 5322 F.2d 1266, 1270-71 (9th Cir.), *cert. denied*, 429 U.S. 896 (1976).

4. The claims of the patent-in-suit are entitled to a date of conception of at least as early as August 28, 1958. 37 C.F.R. § 1.131; *Boyce v. Anderson*, 451 F.2d 818, 820 (9th Cir. 1971).

5. The filing by Gould of the original applications on April 6, 1959 constituted a constructive reduction to practice of the invention claimed in the patent-in-suit. *Id.; Hann v. Venetian Blind Corp.*, 111 F.2d 455, 458 (9th Cir. 1940)

6. Gordon Gould and his patent counsel were diligent toward a constructive reduction to practice (i.e., the filing of a patent application) between August 28, 1958, and April 6, 1959. The fact that Gould's patent attorney, Mr. Keegan, was able to prepare and file a 132-page patent application with 56 claims while simultaneously involved in a long infringement trial establishes diligence from at least as early as December, 1958 through the filing in April, 1959. The amount of work done by Gould in September, October, and November, 1958 clearly proves his diligence during that period, since Gould was not required to abandon his livelihood while completing the invention. *Harper v. Zimmerman*, 41 F.2d 261, 268 (D. Del. 1930).

7. The presumption of validity is entitled to particular weight because the patent-in-suit was granted after consideration by the Patent Office, *Berry Brother Corp. v.*

Sigmon, 206 F. Supp. 653, 663 (W.D.N.C. 1962); *aff'd.* 317 F.2d 700 (4th Cir. 1963), and because the application was subjected to rigorous examination, *Grinnell Corp. v. American Monorail Co.*, 285 F. Supp. 219, 225 (D.S.C. 1967).

8. The presumption of validity which attaches to the patent-in-suit pursuant to 35 U.S.C. § 282 can only be overcome by clear and convincing evidence. *Saf-Gard Products, Inc. v. Service Parts, Inc.*, 532 F.2d 1266, 1271 (9th Cir.); *cert. denied*, 429 U.S. 896 (1976). This presumption of patent validity becomes all the stronger when the Patent Office has considered the most pertinent references before issuing the patent. *Neff Instrument Corp. v. Cohu Electronics Inc.*, 298 F.2d 82, 86-87 (9th Cir. 1961).

9. The patent-in-suit is presumed to be sufficiently clear to teach those skilled in the art. *Western States Machine Co. v. S.S. Hepworth Co.*, 147 F.2d 345, 350 (2d Cir.), *cert. denied*, 325 U.S. 873 (1945); *Eversharp Inc. v. Fisher Pen Co.*, 204 F. Supp. 649, 671-72 (N.D. Ill. 1961). This presumption is strengthened because the Patent and Trademark Office has already considered the issue of sufficiency of disclosure.

10. The specification of the patent-in-suit contains a written description of the invention and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the invention, and sets forth the best mode contemplated by the inventor for carrying out his invention 35 U.S.C. § 112.

11. The specification of the patent-in-suit concludes with claims which particularly point out and distinctly claim the subject matter which Gordon Gould regards as his invention. 35 U.S.C. § 112.

12. The defendant has without authority from plaintiffs made, used, and sold since October 11, 1977, and is presently making, using, and selling the patented invention as claimed in the patent-in-suit within the United States and, therefore, has directly infringed and is directly infringing the patent-in-suit. 35 U.S.C. § 271(a).

13. Under the circumstances of this case and by stipulation of the parties, the parties have agreed (in the event of a judgment in favor of plaintiffs) upon a licensing agreement which includes past infringement damages, royalty rate, scope of coverage, etc.

14. The infringement by the defendant was not willful, nor did defendant conspire with any others not to take a license.

15. The acts and conduct of the defendant in this case do not make this an "exceptional case" within the scope of 35 U.S.C. § 285.

16. The plaintiffs are awarded their costs of suit.

Date: March 1, 1982.

/s/

United States District Judge

Office-Supreme Court, U.S.
FILED
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ALEXANDER L. STEVAS,
CLERK

No. 83-247

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1983

GORDON GOULD,
REFAC INTERNATIONAL, LTD., and
PATLEX CORPORATION,
Petitioners,

v.

CONTROL LASER CORPORATION and
HOLOBEAM LASER CORPORATION,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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COUNTER-STATEMENT OF QUESTION PRESENTED FOR REVIEW

Did the Court of Appeals properly dismiss for lack of jurisdiction petitioners' appeal from a district court order denying their motion for reconsideration of a previously entered stay of proceedings in this patent infringement suit?

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IN THE
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Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

Respondents, Control Laser Corporation and Holobeam Laser, Inc.,[1] respectfully request that this Court deny the petition for a writ of certiorari, seeking review of the April 27, 1983 decision of the Federal Circuit in this case.

CITATION OF DECISION BELOW

The Court of Appeals' decision, which is erroneously cited in the petition, is reported at 705 F.2d 1340 (Fed. Cir. 1983).

1. Affiliates and subsidiaries of Control Laser and/or Holobeam are InstaRead Corporation and Security Storage Company of Washington.

COUNTER-STATEMENT OF THE CASE

A. The October 12, 1982 Stay Order.

Petitioners (hereinafter collectively referred to as "Gould") commenced this exceedingly complex patent infringement suit against respondents (hereinafter collectively referred to as "Control Laser") in the United States District Court for the Middle District of Florida in 1977. Central to the case are questions of the validity of a certain "basic" laser patent claimed by Gould. Until September 8, 1982, the case was before the Honorable George C. Young, who had presided over five years of pretrial proceedings, had learned the language and principles of laser physics, and had dealt with numerous novel and obscure questions of law and fact. On September 8, 1982, however, Gould forced Chief Judge Young's recusal by his last-minute switch of trial counsel.

The case was reassigned to the Honorable Maurice M. Paul, and scheduled for trial on November 1, 1982. On September 9, 1982, Control Laser and Bell Telephone Laboratories each filed petitions with the United States Patent and Trademark Office ("the PTO") requesting a reexamination of Gould's patent pursuant to 35 U.S.C. §§ 301-307 (Supp. V 1981). Control Laser thereafter moved for a continuance or stay of proceedings in the case before Judge Paul pending the PTO's decision regarding these requests for reexamination.

On October 12, 1982, Judge Paul heard oral argument on the motion for a continuance or stay. Recognizing that deferral, for a time, to the expertise of the PTO would contribute to efficiency and judicial economy, Judge Paul entered the following order staying the litigation:

> Patent laws provide for reexaminations of issued patents by the Patent Office under 35 U.S.C. §§ 301-307. Within three months after a request for reexamination is filed, the Patent Office will order reexamination of the patent if a substantial new

question of patentability is raised by the request. *Id.* § 303(a). On September 3, 1982 defendants filed a request for reexamination with the Patent Office. Even though the instant case has been pending for five years, at this point a decision by the Patent Office to reexamine the patent here in suit would place the question of the validity of this patent before an expert and may facilitate any subsequent trial by eliminating issues determined by the Patent Office. Accordingly, upon consideration and following oral argument on defendants' motion for continuance, it is

ORDERED that the motion for continuance be and is hereby granted pending the outcome of a decision by the Patent Office on defendants' request for reexamination. If the Patent Office should decide to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final. On the other hand, if the Patent Office should decide not to consider the request for reexamination, this case will be set for trial in the first quarter of 1983 by further order of the Court.

Pet. App. at 23a-24a. On November 16, 1982, the PTO announced its intention to reexamine Gould's patent, determining that six substantial new questions of patentability of the claims had been raised. Pet. App. at 8a-19a. In April, 1983, the PTO rendered its initial decision, rejecting all claims of the patent.

B. Appeal No. 83-610 (Fed. Cir.).

Gould took no action with respect to the October 12, 1982 stay order until November 26, 1982, when he filed a motion for reconsideration and a motion to extend the time for appeal from that order. On December 16, 1982, prior to any ruling by the district court on these motions, Gould noticed an appeal from the October 12 order, as

well as "all prior adverse Orders", to the United States Court of Appeals for the Federal Circuit (hereinafter "Appeal No. 83-610").[2] Control Laser promptly moved to dismiss this appeal on the grounds that (1) the appeal, having been taken more than two months after entry of the October 12 order, was untimely under Federal Rule of Appellate Procedure 4(a)(1), and (2) the October 12 order was, in any event, a nonappealable interlocutory order.

On February 22, 1983, the Federal Circuit granted Control Laser's motion and dismissed Gould's appeal. *Gould v. Control Laser Corp.*, No. 83-610 (Fed. Cir. Feb. 22, 1983). The court's opinion and subsequent amending order of March 16, 1983 are reproduced in the Appendix to this brief. The Federal Circuit found it unnecessary to consider whether the October 12 stay order was, as Gould had claimed, an appealable "final decision" since, even if it was, Gould's appeal 65 days after entry of the order was manifestly untimely. The Court of Appeals expressly rejected any contention that Gould's belated filing of a motion for reconsideration on November 26, 1982 rendered the appeal timely:

> The motion to reconsider did not extend the time for appeal, as Rule 4(a)(4) [of the Federal Rules of Appellate Procedure] does for "a timely motion . . . under Rule 59 [of the Federal Rules of Civil Procedure] to alter or amend the judgment." Rule 59(e) requires that such a motion "shall be served not later than 10 days after entry of the judgment."

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2. Gould simultaneously noticed an appeal of the October 12 stay to the Eleventh Circuit. This appeal was dismissed for lack of jurisdiction on March 22, 1983. *Gould v. Control Laser Corp.*, No. 82-3211 (11th Cir. Mar. 22, 1983). The appeals from the October 12 stay order represented Gould's third and fourth attempts at piecemeal review of district court orders in this case. *See Gould v. Control Laser Corp.*, 650 F.2d 617 (5th Cir. 1981) (aff'd in part, dismissed in part for lack of jurisdiction); *Gould v. Control Laser Corp.*, No. 78-3836 (5th Cir. Feb. 22, 1979) (dismissed for lack of jurisdiction).

Resp. App. at A-3. The court likewise rejected Gould's claim that the October 12 stay did not become "final" until the PTO decided to reexamine Gould's patents on November 16, 1982:

> The order . . . was final and effective upon its entry. It continued the judicial proceeding until the Office decided whether to reexamine the patent.
>
> The only contingency was the duration of the order: whether it would expire upon the initial action of the Office (if the latter decided not to reexamine) or upon the final decision of the Office (if the Office granted reexamination). That uncertainty over the duration of the order did not make it non-final. [Gould] obviously would not have pursued an appeal if the Office had denied reexamination, but that fact did not make the order any less final when it was entered.

Resp. App. at A-3 to A-4.

C. The February 3, 1983 Order and Appeal No. 83-794 (Fed. Cir.).

With Appeal No. 83-610 dismissed for lack of jurisdiction, Gould's efforts to obtain appellate review of the October 12 stay order appeared at an end. On February 3, 1983, however, while Appeal No. 83-610 was pending, Judge Paul entered the following order with respect to Gould's November 26, 1982 motion for reconsideration of the stay:

> Plaintiff's Motion for Reconsideration of its [sic] October 12, 1982 order is DENIED; all further proceedings, including discovery, are STAYED, until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

Pet. App. at 6a. On February 11, 1983, Gould noticed an

appeal from this denial of reconsideration (and, once again, from all "prior adverse orders" of the district court) to the Federal Circuit (hereinafter "Appeal No. 83-794").

Control Laser promptly met this further attempt at improper interlocutory review with a motion to dismiss. In seeking dismissal of this appeal, Control Laser urged that if the October 12, 1982 stay order was, as Gould had previously asserted, a final and appealable order, Gould's motion for reconsideration, filed 45 days after entry of the order, was untimely under Federal Rule of Civil Procedure 59(e). Consequently, the district court lacked jurisdiction to entertain the motion for reconsideration and its February 3 order denying the motion was a nonappealable nullity. Alternatively, Control Laser contended that if, as it had previously argued, the October 12 order was not an appealable "final decision", the February 3 order denying reconsideration and reaffirming the previously entered stay was likewise a nonappealable, interlocutory ruling.

On April 27, 1983, the Federal Circuit dismissed Gould's appeal from the February 3, 1983 order. *Gould v. Control Laser Corp.*, 705 F.2d 1340 (Fed. Cir. 1983). The Court of Appeals on this occasion found it unnecessary to address the procedural quagmire created by Gould's previous motions and appeals from the October 12 stay order since, even if the February 3 order were considered an independent order for a stay, it was not a "final decision" reviewable under 28 U.S.C.A. §§ 1291 and 1295 (West Supp. 1983) (governing appeals to the Federal Circuit).

In its opinion, the Court of Appeals observed that, consistent with the policies underlying the limitation of appellate jurisdiction to "final decisions", stay orders are not ordinarily viewed as final and appealable. The court recognized that this principle is subject to an exception where a stay order "effectively puts the parties out of the district court, either permanently because it terminates

the action as a practical matter, or, as some courts have held, for a protracted or indefinite period." 705 F.2d at 1341, Pet. App. at 2a (citing *Moses H. Cone Memorial Hospital v. Mercury Construction Corp.*, 103 S.Ct. 927, 933-34 (1983); *Idlewild Bon Voyage Liquor Corp. v. Epstein*, 370 U.S. 713, 715 n.2 (1962); *McKnight v. Blanchard*, 667 F.2d 477, 479 (5th Cir. 1982); *Hines v. D'Artois*, 531 F.2d 726, 730 (5th Cir. 1976)). But the court expressly found that this exception had no application to the stay order entered in this case:

> The present stay is not for such a protracted or indefinite period as to render its issuance an abuse of discretion. "[R]eexamination proceedings . . . including any appeal to the Board of Appeals, will be conducted with special dispatch. . . ." 35 U.S.C. § 305 (Supp. V 1981). Assuming the PTO decision on reexamination is adverse to the patent holder and may therefore be appealed to this court, the stay would not be for a protracted or indefinite period of sufficient length to render its issuance a "final" decision.
>
> Like *Cone Memorial Hospital*, appellants would appear to be effectively out of court with respect to claims cancelled by the PTO. However, unlike the situation in *Cone Memorial Hospital*, stays to enable reexamination do not foreclose review on the merits by a federal court. District court and PTO decisions on the merits are both reviewable by this court.
>
> The present stay has thus not terminated the action but has merely shifted to the PTO an issue (patent claim validity) involved in the dispute before the district court.

705 F.2d at 1341-42, Pet. App. at 2a-3a. Gould's appeal was, accordingly, dismissed for lack of jurisdiction.

Gould subsequently filed a petition for rehearing, which was denied by the Court of Appeals on May 16,

1983. Pet. App. at 5a. Gould's petition for a writ of certiorari, seeking review of the Federal Circuit's April 27, 1983 decision, was filed on August 15, 1983.

D. The *Mossinghoff* Litigation.

One further circumstance, which receives no mention in Gould's petition, must be brought to this Court's attention.

On December 10, 1982, petitioners Gordon Gould and Patlex Corporation instituted an action against Gerald J. Mossinghoff, Commissioner of Patents and Trademarks, and the United States Patent and Trademark Office in the United States District Court for the Eastern District of Pennsylvania. *Patlex Corp. v. Mossinghoff*, Civil Action No. 82-5472 (E.D.Pa. filed Dec. 10, 1982) (hereinafter "the *Mossinghoff* litigation"). In his Amended Complaint filed January 7, 1983, which is reproduced in the Appendix to this brief, Gould seeks to enjoin the PTO's ongoing reexamination of his patents *on the same constitutional and statutory grounds urged as a reason for granting certiorari in this entirely separate case.*[3]

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3. Thus, Gould specifically alleged in his Amended Complaint:

> The [PTO's] grants of reexamination are arbitrary and capricious and contrary to the Constitution and laws of the United States, in the following respects:
>
> (a) Plaintiffs have been deprived of their property, including their ability to license the patents, without an opportunity to be heard, in violation of the due process clause of the fifth amendment.
>
> (b) The reexamination threatens to deprive plaintiffs of their property interests in the patents in violation of the due process clause of the fifth amendment . . . .
>
> (c) The reexamination threatens to adjudicate the invalidity of the patents without the action of a federal judge and jury, in violation of article III of the Constitution and the seventh amendment.
>
> . . .

Control Laser obtained leave to intervene as a defendant in the *Mossinghoff* litigation on January 31, 1983.[4] Trial on the merits was advanced to February 21, 1983, and consolidated with Gould's application for a preliminary injunction. At the same time, the Honorable Edward N. Cahn heard oral argument on defendants' motions to dismiss the Amended Complaint or for summary judgment. All parties then submitted proposed findings of fact and conclusions of law, and memoranda supplementing their earlier briefs. Gould's motions for preliminary and permanent injunctive relief and defendants' motions to dismiss or for summary judgment, which embrace all of the constitutional and statutory issues which Gould now seeks to present to this Court, were taken under advisement by Judge Cahn and remain pending before him as of the date of this brief.

REASONS WHY THE WRIT SHOULD BE DENIED

A. Summary of Argument.

This is not the "significant" and "important" case that Gould, by his incomplete recitation of the facts and mischaracterization of the questions presented, seeks to depict in his petition. The case presents neither of the two questions Gould proffers for this Court's review. The only question properly before this Court — the

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(e) Section 2240 of the [Manual of Patent Examining Procedures] provides that all doubts on a request for reexamination should be resolved in favor of granting reexamination, in violation of the presumption of validity accorded to patents under 35 U.S.C. §282.

* * *

Amended Complaint, ¶ 30, Resp. App. at A-14 to A-15.

4. Petitioner Refac International, Ltd., was later joined as a party plaintiff in the *Mossinghoff* litigation. Thus, with the exception of respondent Holobeam Laser, Inc., a wholly-owned subsidiary of Control Laser, all parties before this Court are parties to the *Mossinghoff* litigation.

appealability of the district court's February 3, 1983 order — does not warrant issuance of the writ of certiorari. For the February 3 order was either a non-final, non-appealable "stay" or the denial of an untimely motion for reconsideration. In either case, the Court of Appeals lacked jurisdiction.

B. The Court of Appeals' Dismissal of Gould's Appeal for Lack of Jurisdiction Was Proper.

Undaunted by his prior unsuccessful attempts to appeal the district court's October 12, 1982 order staying this litigation, Gould improperly sought, and still seeks, a second bite of the apple. The appeal at issue below was taken from the district court's February 3, 1983 order denying Gould's November 26, 1982 motion for reconsideration of the October 12 stay:

> Plaintiff's Motion for Reconsideration of its [sic] October 12, 1982 order is DENIED; all further proceedings, including discovery, are STAYED until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

Pet. App. at 6a. Although this order purports to be nothing more than a denial of Gould's motion, and, in that context, a reaffirmation of the stay entered October 12, Gould sought below to characterize it as an order for a stay independent of the stay imposed five months earlier. Granting Gould this strained premise, the Court of Appeals nevertheless concluded that his appeal should be dismissed. This decision was correct.

Gould concedes that the Federal Circuit accurately stated the law governing the appealability of stays. Petition at 10. His quarrel with the decision below is with the application of the law to the stay involved in this case. Yet, on this subject, Gould offers nothing more

than question-begging assertions that the stay imposed was "protracted or indefinite." The court below squarely held otherwise, with ample justification.

As the Federal Circuit recognized, the stay involved in this case is not protracted, indefinite or litigation-terminating. The stay extends only for the duration of PTO reexamination proceedings, which by statute are to be conducted with "special dispatch", 35 U.S.C. § 305 (Supp. V 1981), and any appeals from such proceedings. Its effect is not to terminate the litigation, but merely to shift the issue of patent validity to the PTO and, if the PTO's decision is appealed, to the Federal Circuit (where the issue will ultimately be considered in any event). This shift is entirely consistent with the policies and purposes of the reexamination procedures. *See* H.R. Rep. No. 1307, Part I, 96th Cong., 2d Sess. 4 (1980), *reprinted in* 1980 U.S. Code Cong. & Ad. News 6460, 6463. Gould has not been put "effectively out of court" by the stay imposed in this case, and the Court of Appeals, therefore, correctly determined under settled precedent that the stay, even if "entered" on February 3, was not appealable.[5]

Moreover, even if the reasoning of the Court of Appeals in dismissing Gould's appeal could be questioned, the result which it reached was nevertheless correct under the novel circumstances of this case.

The district court order staying this litigation pend-

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5. Gould makes the rote assertion that the Federal Circuit's decision "conflicts" with decisions of this Court and other Courts of Appeals. Petition at 10. Yet, nowhere in his petition does he point to any specific case which conflicts with the ruling below. The cases he does cite merely support the standards for determining the appealability of stay orders which the Federal Circuit applied. The court below properly concluded, consistent with these standards and the policies and purposes of the patent laws (which are, of course, within its special expertise), that the stay imposed in this case was not an appealable "final decision" under 28 U.S.C.A. §§ 1291 and 1295 (West Supp. 1983). That conclusion does not warrant review by this Court.

ing final completion of PTO reexamination of Gould's patents was entered on October 12, 1982:

> [T]he motion for continuance . . . is hereby granted pending the outcome of a decision by the Patent Office on defendants' request for reexamination. If the Patent Office should decide to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final.

Pet. App. at 23a-24a. The stay was unambiguous and as "final" on October 12 as it ever would be. Gould, however, took no action with respect to this stay order until November 26, 1982, when he moved for reconsideration of that order and, in recognition that the order might well have been "final" on October 12, for an extension of time within which to appeal. Then, on December 16, 1982, prior to any ruling on these motions, Gould appealed the October 12 order to the Federal Circuit. This appeal (Appeal No. 83-610) was dismissed for lack of jurisdiction on February 22, 1983, the Federal Circuit holding that, assuming the October 12 stay order was a "final decision", Gould's appeal 65 days after entry of the order was untimely.

While Appeal No. 83-610 was pending, the district court entered its order of February 3, 1983. This order was not, as Gould would have it (and as the Federal Circuit assumed for purposes of its April 27 opinion), an order for a stay independent of the October 12, 1982 order. It was, by its terms, simply a denial of Gould's motion for reconsideration of the October 12 order, and, in that context, a reaffirmation of the previously entered stay of the litigation. The only stay entered in this case was entered on October 12, 1982. And if that stay was, contrary to the reasoning of the opinion here challenged, an appealable "final decision", Gould's appeal from the February 3 order must be dismissed.

If the October 12 order was an appealable "final decision", then Gould's November 26 "motion for reconsid-

eration" was a motion under Federal Rule of Civil Procedure 59(e). *Browder v. Director, Illinois Department of Corrections*, 434 U.S. 257, 261-62 (1978); *Williams v. Bolger*, 633 F.2d 410, 413 & n.3 (5th Cir. 1980). A Rule 59(e) motion must be served "not later than 10 days after the entry of the judgment." Fed. R. Civ. P. 59(e). The time cannot be enlarged. Fed. R. Civ. P. 6(b). A district court has no jurisdiction to amend or alter a final order pursuant to an *untimely* Rule 59(e) motion. *Browder, supra*, 434 U.S. at 263 n.7. *See* Fed. R. App. P. 4(a)(4). And Gould's motion, filed 45 days after entry of the October 12 order, was plainly untimely.[6] Thus, if the October 12 order was appealable, the district court had no jurisdiction to entertain Gould's motion for reconsideration and its February 3 order denying that motion was a nonappealable nullity.[7]

This Court should not mire itself in the procedural quagmire of this case. The February 3 order can only be appealable if it is construed as something which it plainly is not (an order for a stay independent of the October 12 order) and if the Court of Appeals erred in reasoning that, even if so construed, the order was not appealable. The Court of Appeals committed no error.

This is not, as Gould misleadingly seeks to depict it, a case where some manifest injustice has been wrought. It is a case about a litigant who, having failed to preserve whatever right of appeal he might have had from the stay imposed by the district court, seeks on a wholly untenable premise a second chance at appellate review.

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6. The Federal Circuit expressly recognized this in its February 22, 1983 opinion dismissing Appeal No. 83-610. *See* Resp. App. at A-3. Gould did not seek review of this decision, and the Court of Appeals' conclusion therein that, if the October 12 order was "final", Gould's motion for reconsideration was an untimely Rule 59(e) motion, is binding upon him.

7. If the October 12 order was not a "final decision", the February 3 order was also interlocutory and not appealable. A denial of reconsideration of a non-final order is no more "final" than the order itself.

Confronted with a stay order which was as "final" on October 12 as it ever would be, Gould should have timely moved for reconsideration or timely taken an appeal. But he did neither of these things, and now burdens this Court with what amounts to his *seventh* effort before an appellate court to escape the consequences of his default.[8] No injustice has been done. Gould's appeal from the February 3 order denying his motion for reconsideration was properly dismissed for lack of jurisdiction.

C. This Case Does Not Present Either of the Questions Gould Has Presented for Review.

It is axiomatic that, "[w]here issues are neither raised before nor considered by the Court of Appeals, this Court will not ordinarily consider them." *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 147 n.2 (1970) (citations omitted). Similarly, issues which, although raised in the court below, were not considered by it in its opinion, are not ordinarily considered by this Court. *NLRB v. Sears, Roebuck & Co.*, 421 U.S. 132, 163-164 (1975); *Ramsey v. United Mine Workers*, 401 U.S. 302, 312 (1971). Gould, in contravention of these established limitations, poses in his petition two questions for review, neither of which was ever properly before the Federal Circuit or considered by it.

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8. Gould's efforts include (1) his December 16, 1982 appeal of the October 12 order to the Eleventh Circuit (dismissed on March 22, 1983); (2) his December 16, 1982 appeal of the October 12 order to the Federal Circuit (Appeal No. 83-610) (dismissed on Feb. 22, 1983); (3) his March 8, 1983 motion in Appeal No. 83-610 for a Rule 42(b) dismissal, a rehearing, or a "relinquishment of jurisdiction", filed in the wake of the Federal Circuit's dismissal of that appeal (denied on March 16, 1983); (4) his February 11, 1983 appeal of the February 3 order to the Federal Circuit (Appeal No. 83-794) (dismissed on April 27, 1983); (5) his March 21, 1983 motion to "relinquish jurisdiction" in Appeal No. 83-794, filed in light of the similar pending motion in Appeal No. 83-610 (denied on March 22, 1983); (6) his May 11, 1983 petition for rehearing in Appeal No. 83-794 (denied on May 16, 1983); and (7) his August 15, 1983 petition for a writ of certiorari.

The first question Gould presents is "whether . . . a district court can indefinitely stay a trial of an infringement action pending final disposition of a patent reexamination petition." Gould thereby invites this Court to rule on the underlying merits of the stay imposed in this case.[9] The merits of the stay were never properly before the Court of Appeals. The only question before it was the appealability of the February 3 order. Had the Federal Circuit determined that the stay constituted an appealable "final decision", then and only then could the merits of the stay have been considered.[10]

The second question presented by Gould, which challenges the constitutionality of the patent reexamination statute and PTO procedures, is even more objectionable. In attempting to defend the appealability of the February 3 order, Gould at no time advanced in the court below any of the constitutional issues which he advances in this Court.[11]

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9. Also, the use of the adverb "indefinitely" begs the jurisdictional question.

10. Gould consistently mistakes the standards governing the appealability of stay orders for the standards governing the propriety of such orders. Whether a stay is appealable and whether it is proper are distinct inquiries. *See Moses H. Cone Memorial Hospital v. Mercury Construction Corp.*, 103 S.Ct. 927, 933-34, 943-44 (1983). A stay which puts a litigant "effectively out of court", while subject to appeal, may involve no abuse of discretion or other error on the part of the district court under the particular circumstances of the case. Were the stay in this case appealable, it could be so defended. But this question was never properly before the court below and is not properly presented to this Court for review.

11. None of the arguments which appear in the second half of Gould's petition, Petition at 12-16, was ever made to the Federal Circuit. Indeed, the *only* reference ever made by Gould in the court below to the "issues" he now raises was in his petition for rehearing, filed after the dismissal of his appeal, where Gould obliquely adverted to "serious issues of . . . the appropriate balance between the executive authority and the judicial authority." Petition for Rehearing at 4. Gould did not further identify these "serious issues" and they undoubtedly remain, to this day, a mystery to the Federal Circuit.

In presenting these constitutional issues for review in this case, Gould not only contravenes established principles governing this Court's jurisdiction, but seeks to have this Court undermine ongoing proceedings in the *Mossinghoff* litigation. That litigation, which receives not one word of mention in Gould's petition, involves substantially all of the parties before this Court as well as the PTO itself and embraces every one of the constitutional issues which Gould now advances in this Court. The issues have been fully briefed and argued and await Judge Cahn's disposition. That Gould seeks a ruling on these issues from this Court in the first instance makes a mockery of the proceedings before Judge Cahn and is altogether improper.[12]

The two questions which Gould presents for review had no place in the proceedings below and have no place before this Court. Since this Court is ordinarily limited in the scope of its consideration to the "questions set forth in the petition or fairly included therein," Sup. Ct. Rule 21.1(a), and since neither of Gould's questions is properly raised on the record below, Gould's petition should be denied.

CONCLUSION

This is not a case about the merits of stay orders or the constitutionality of the patent laws. It is a case about Gould's failure to preserve whatever rights he may have had and his myriad efforts to cure his default. The juris-

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12. Judge Cahn's disposition of the constitutional issues raised by Gould will be subject to appeal and ultimate review by this Court. Indeed, should Judge Cahn hold the patent reexamination statute unconstitutional, that ruling may be appealed directly to this Court under 28 U.S.C. § 1252 (1976). Thus, even if the constitutional issues could properly be considered in this case (which they cannot), there is no reason they should be. It would be far more prudent to consider these questions on the basis of lower court decisions founded upon a meaningful record in a case to which the PTO is a party.

dictional question presented is of significance and importance only to Gould. The Court of Appeals correctly resolved that question, both for the reasons it gave and otherwise under the unique facts of this case. The broader questions which Gould seeks to present to this Court are simply not in this case.

For all of these reasons, the Court should deny the petition for a writ of certiorari.

Respectfully submitted.

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IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1983

No. 83-247

GORDON GOULD,
REFAC INTERNATIONAL, LTD., and
PATLEX CORPORATION,
Petitioners,

v.

CONTROL LASER CORPORATION and
HOLOBEAM LASER CORPORATION,
Respondents.

CERTIFICATE OF SERVICE

Edward M. Posner, a member of the bar of the Supreme Court of the United States, hereby certifies that on September 30, 1983, he caused three copies of Respondents' Brief in Opposition to be served upon each of the following attorneys for petitioners by first class mail, postage prepaid, addressed as indicated: Steven D. Merryday (Counsel of Record), P. O. Box 3333, Tampa, FL 33601; Warren M. Goodrich, P.O. Box 1288, Tampa, FL 33601; William L. Mentlik, 195 Elm Street, Westfield, NJ 07090; and James E. Slater, P. O. Box 633, Orlando, FL 32802. He further certifies that, because 28 U.S.C. §2403(a) is applicable to the Petition for a Writ of Certiorari, on the same date he caused three copies of such Brief in Opposition to be served by first

class mail, postage prepaid, upon the Solicitor General, Department of Justice, Washington, D.C. 20530. All parties required to be served have been served.

Edward M. Posner
Attorney for Respondents

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, et al., *Appellants*,	:	Appeal No. 83-610
v.	:	
CONTROL LASER CORP. and HOLOBEAM LASER CORP., *Appellees*.	:	

Before FRIEDMAN, RICH, and DAVIS, *Circuit Judges*.

ORDER

PER CURIAM. This is an appeal from an order of the United States District Court for the District of Florida, continuing a patent infringement case pending a decision by the Patent and Trademark Office (the Office) on the appellees' request for a reexamination of the patent, and staying proceedings in that case pending completion of the reexamination. The appellees have moved to dismiss the appeal on the grounds that (1) the notice of appeal was untimely filed, and (2) the order granting the continuance is not appealable. We hold that the notice of appeal was untimely and dismiss the appeal.

1. Under 35 U.S.C. § 302 (Supp. V 1981), any person may request the Office to reexamine any claims of a patent on the basis of prior art cited to the Office under 35 U.S.C. § 301. Within three months of the filing of such a request for reexamination, the Commissioner of Patents and Trademarks must decide whether to reexamine. 35 U.S.C. § 303(a).

The present patent infringement suit has been pending for more than five years. In September 1982, the appellees-defendants filed with the Office a request for reexamination. They then moved the district court to

continue the case until the Office determined that request. The district court granted the motion, stating that "a decision by the Patent Office to reexamine the patent here in suit would place the question of the validity of this patent before an expert and may facilitate any subsequent trial by eliminating isues determined by the Patent Office." The court entered the following order:

> ORDERED that the motion for continuance be and is hereby granted pending the outcome of a decision by the Patent Office on defendants' request for reexamination. If the Patent Office should decide to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final. On the other hand, if the Patent Office should decide not to consider the request for reexamination, this case will be set for trial in the first quarter of 1983 by further order of the Court.

The order was entered on October 12, 1982. On November 16, 1982, the Office authorized reexamination. On November 26, 1982, the appellant moved for (1) reconsideration of the continuance order, and (2) an extension of time to appeal from that order.

The notice of appeal from the October 12, 1982 order was filed on December 16, 1982. It seeks review not only of that order but of "all prior adverse Orders, including the Orders of May 14, 1979, and September 10, 1979, granting summary judgment on Counts II and III, respectively, of the 'Second Amended Complaint'."

2. Rule 4(a) of the Federal Rules of Appellate Procedure provides that the notice of appeal "shall be filed . . . within 30 days after the date of entry of the judgment or order appealed from." This requirement is "mandatory and jurisdictional." *Browder v. Director, Department of Corrections of Illinois*, 434 U.S. 257, 264 (1978). Unless a notice of appeal is filed within that period, the court of appeals has no jurisdiction to entertain

the appeal. *Id.* at 265; *see Sanchez v. Board of Regents of Tex. Southern Univ.*, 625 F.2d 521 (5th Cir. 1980); *Fassler v. Moran*, 576 F.2d 1372 (9th Cir. 1978); *Lashley v. Ford Motor Co.*, 518 F.2d 749 (5th Cir. 1975).

The appellants' notice of appeal, filed 65 days after the order was entered on October 12, 1982, did not comply with Rule 4(a).

The filing on November 26, 1982 — 45 days after the entry of the October 12 order — of the motion to reconsider the order and to extend the time for appeal, does not change that conclusion. The motion to reconsider did not extend the time for appeal, as Rule 4(a)(4) does for "a timely motion . . . under Rule 59 [of the Federal Rules of Civil Procedure] to alter or amend the judgment." Rule 59(e) requires that such a motion "shall be served not later than 10 days after entry of the judgment." Indeed, the district court could not have granted the alternative relief sought in the motion of extending the time for appeal because, under Rule 4(a)(5) of the Federal Rules of Appellate Procedure, a district court may extend the time for appeal for an additional 30 days only pursuant to a motion filed within the original 30-day period for appeal.

3. The appellants argue that the October 12, 1982 order did not become final until November 16, 1982, when the Office "decided to reexamine the patent," and that prior to that date there was only a contingent indefinite stay of the judicial proceeding. The order, however, was final and effective upon its entry. It continued the judicial proceeding until the Office decided whether to reexamine the patent.

The only contingency was the duration of the order: whether it would expire upon the initial action of the Office (if the latter decided not to reexamine) or upon the final decision of the Office (if the Office granted reexamination). That uncertainty over the duration of the order did not make it nonfinal. The appellants obviously would not have pursued an appeal if the Office

had denied reexamination, but that fact did not make the order any less final when it was entered.

The appeal is dismissed.

February 22, 1983

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, et al., *Appellants*,	:	Appeal No. 83-610
v.	:	
CONTROL LASER CORP. and HOLOBEAM LASER CORP., *Appellees*.	:	

Before FRIEDMAN, RICH, and DAVIS, *Circuit Judges*.

ORDER

PER CURIAM. Upon consideration of the Appellants' Rule 42(b) Motion to Dismiss and for other relief,

IT IS ORDERED that the last sentence beginning at the bottom of page 3 and continuing on the first four lines of page 4 of the court's order of February 22, 1983, which begins with the words "Indeed, the district court" is deleted and the following sentence is substituted:

> The district court has not explicitly ruled upon the motion to extend the time for appeal, and unless and until the court grants an extension, the appeal as filed was untimely.

In all other respects the motion is denied.

March 16, 1983

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

PATLEX CORPORATION and GORDON GOULD,	:	
	:	Civil Action
Plaintiffs,	:	
v.	:	
GERALD J. MOSSINGHOFF, Commissioner of Patents and Trademarks, and THE UNITED STATES PATENT and TRADEMARK OFFICE,	:	No. 82-5472
Defendants.	:	

AMENDED COMPLAINT

Plaintiffs hereby amend and restate their complaint, as of right pursuant rule 15(a) of the Federal Rules of Civil Procedure, as follows:

Parties and Jurisdiction

1. Plaintiff Patlex Corporation ("Patlex") is a publicly held corporation organized and existing under the laws of the Commonwealth of Pennsylvania and having its principal place of business in this District at 44 West Lancaster Avenue, Ardmore, Pennsylvania 19003.

2. Plaintiff Gordon Gould ("Gould") is an individual and a citizen of Virginia, residing at 9101 Deer Park Road, Great Falls, Virginia 22066. Gould, now a recognized pioneer in the field of laser technology, originally conceived of a light amplification device on or before November 13, 1957, and coined the term "laser" (an acronym for "Light Amplification by Stimulated Emission of

Radiation") as a name for his newly conceived device. The page from one of Gould's original notebooks which includes the first known use of the term "laser" has been displayed in the Smithsonian Institute.

3. Defendant United States Patent and Trademark Office ("PTO") is an agency of the United States government, exercising powers as authorized in title 35, United States Code.

4. Defendant Gerald J. Mossinghoff is the Commissioner of Patents and Trademarks ("the Commissioner") and is sued herein in his official capacity.

5. This is an action for declaratory and injunctive relief from final agency action of the PTO, as more fully appears below, in (a) unconstitutionally depriving plaintiffs of their commercially valuable patent rights by ordering reexamination of such patents, without affording plaintiffs an opportunity to be heard; and (b) proceeding with, and refusing to stay, such reexamination proceedings, thereby bringing a halt to a major civil action by plaintiffs for infringement, only days away from trial.

6. The Court has jurisdiction of this action pursuant to 28 U.S.C. §§1331 and 1338.

Background Facts

Plaintiffs' Patents

7. On April 6, 1959, Gould filed U.S. Patent Application Serial No. 804,540, which included fifty-six claims to his various separate and distinct inventions in the field of laser technology.

8. On June 11, 1968, the PTO issued to Gould United States Patent No. 3,388,314 for one of the inventions disclosed in his original application, but this invention and patent have proved to be of no commercial significance.

9. Gould's efforts to obtain patents on the other inventions disclosed in his original application resulted in extraordinarily protracted proceedings before the PTO,

including five *inter partes* proceedings over eighteen years.

10. Finally, on October 11, 1977, Gould was issued United States Patent No. 4,053,845, covering Gould's basic invention of an optically pumped light (or laser) amplifier ("the optically pumped patent" or "the '845 patent"). In 1978, as a result of the issuance of the '845 patent, Gould was named inventor of the year by the Association for Advancement of Invention and Innovation. Subsequently, Gould received similar awards from the American Society of Inventors in 1980 and the Inventor's Club of America in 1981.

11. All commercially available laser amplifiers and laser oscillators which operate by optical pumping employ the invention claimed in the '845 patent and, accordingly, the manufacture, use or sale of such devices is covered by and infringes the '845 patent. On information and belief, the present annual market for such devices is in excess of $100,000,000.

12. On July 17, 1979, Gould was issued United States Patent No. 4,161,436 ("the use patent" or "the '436 patent") on another of the inventions disclosed in his original 1959 application. The invention claimed in the '436 patent is a method of energizing a material utilizing light amplifier apparatus and covers many of the commercially significant uses to which lasers are presently put in the industrial and scientific communities.

13. As a result of various transactions involving Patlex, Gould, and others, in which Patlex paid over $3,000,000 in cash and $13,000,000 in stock, Patlex became the owner of a 40% interest in the gross revenues generated by licensing of the optically pumped patent and the use patent. As a result of those same transactions, Patlex is primarily responsible for the payment of the costs and expenses (including legal fees) associated with the enforcement of the patents, as set forth below, and, to date, has expended in excess of $1,000,000 in connection with such enforcement efforts. Patlex's in-

terest in the patents is its principal asset and represents its principal potential source of future revenue.

Enforcement of the Patents

14. Upon the issuance of each of the '845 patent and the '436 patent, Gould promptly commenced civil actions to restrain their infringement. Because the manufacture, sale, and use of devices covered by the patents had become so widespread that bringing suit against all infringers would have been practically impossible, and because plaintiffs lacked the resources to finance a large number of infringement suits, plaintiffs adopted the strategy of suing one or two representative infringers of each patent, in the expectation that judgments in such actions enforcing the patents would impel other infringers or prospective infringers to sign licensing agreements voluntarily with plaintiffs.

15. Accordingly, on October 19, 1977, eight days after issuance of the optically pumped patent, Gould filed Civil Action No. 77-438-Orl-Civ-Y in the United States District Court for the Middle District of Florida, against Control Laser Corporation ("Control Laser") for infringement of the optically pumped patent. Subsequently, on July 25, 1978, Gould filed in the same court Civil Action No. 78-344-Orl-Civ-Y against Control Laser and its wholly owned subsidiary, Holobeam Laser Corporation, which action was eventually consolidated with the earlier-filed case.

15. On July 26, 1978, Gould filed Civil Action No. C-78-1670 SC in the United States District Court for the Northern District of California against General Photonics Corporation ("General Photonics"), also for infringement of the optically pumped patent. On March 1, 1982, following a three-day bench trial, the court held that the patent was valid and was infringed by General Photonics' manufacture, use, and sale of optically pumped laser amplifier apparatus, including optically pumped laser oscillators which employ optically pumped

laser amplification. *Gould v. General Photonics Corp.*, 534 F. Supp. 399 (N.D. Cal. 1982).

16. On November 1, 1979, a few weeks after the use patent was issued, Gould filed Civil Action No. 79C 4594 in the United States District Court for the Northern District of Illinois, against Lumonics Research Limited ("Lumonics") for infringement of the use patent. On January 28, 1980, General Motors Corporation ("General Motors") intervened in that action as a defendant and eventually settled with Gould by signing a license agreement under the use patent providing for payment of $270,000 in back royalties and payment of future royalties under certain terms and conditions. Discovery and pretrial proceedings in the case against Lumonics are substantially complete, and the court has set April 1, 1983, as a deadline for completion of all remaining discovery. A trial date is expected to be assigned shortly.

17. On July 9, 1982, Bell Telephone Laboratories, Inc. ("Bell Labs"), Western Electric Company, Inc., and American Telephone & Telegraph Company commenced Civil Action No. 82 CIV 4508 in the United States District Court for the Southern District of New York, against Gould, Patlex, and others, requesting a declaratory judgment that the '845 and '436 patents were invalid and not infringed by the plaintiffs in that case. Gould and Patlex filed counterclaims for infringement of the '845 and '436 patents.

Abuse of the Reexamination Process

18. On December 12, 1980, Congress amended title 35 of the United States Code by adding chapter 30, 35 U.S.C. §§301-307, providing a procedure for reexamination of patents by the PTO. The purpose of adding these new provisions for reexamination was to "permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation" and to "reduce, if not

end, the threat of legal costs being used to 'blackmail' [patent] holders into allowing patent infringements or being forced to license their patents for nominal fees." H.R. Rep. No. 96-1307, 96th Cong., 2d Sess. 4 (1980). A copy of 35 U.S.C. §§301-307 is attached hereto as Exhibit A.

19. On December 24, 1980, Gould filed Civil Action No. 80-3287 against the Commissioner in the United States District Court for the District of Columbia, seeking review pursuant to 35 U.S.C. §145 of a decision by the PTO Board of Appeals denying a patent to Gould on another of his inventions disclosed in his original 1959 application. The court granted summary judgment in favor of the PTO on July 21, 1982 , but on August 2, 1982, Gould moved to vacate or set aside the summary judgment under rule 59(e) of the Federal Rules of Civil Procedure. A hearing on the motion to vacate was scheduled for August 26, 1982.

20. On August 23, 1982, in response to a request by Gould to reschedule the hearing date, the Commissioner, represented by the Solicitor of the PTO, opposed Gould's request by filing a paper entitled "Commissioner's Opposition." Although the '845 and '436 patents were not before the Court in that case, the paper contained a sentence calling the validity of the '845 and '436 patents into question, as follows:

> Additionally, the Patent and Trademark Office must decide whether the Court's rationale in its July 21, 1982 opinion is applicable to patents issued to Gould in order to determine whether those patents should be subject to reexamination pursuant to 35 U.S.C. §303.

This statement by the Solicitor of the PTO, on behalf of the Commissioner, was in violation of section 1701 of the PTO's Manual of Patent Examining Procedure ("the M.P.E.P."), which instructs PTO employees to "refuse to express to any person any opinion or view as to the inva-

lidity of any United States Patent except where a reissue application has been filed and is before the Examiner for consideration," and in further violation of section 2239 of the M.P.E.P., which provides a specific procedure for commencing reexamination proceedings on the initiative of the Commissioner.

21. Two days later, on August 25, 1982, counsel for Control Laser filed a copy of the "Commissioner's Opposition" with the federal court in the Florida action pending against them. That same day, during a hearing in the Florida action, Control Laser's counsel read to the court the above-quoted portion of the "Commissioner's Opposition," characterizing it as "a rather unusual and remarkable procedure." This was the first suggestion made by counsel for Control Laser that the optically pumped patent might be subject to reexamination by the PTO, even though the reexamination statute had been in effect for more than a year.

22. On September 7, 1982, only fifteen days after the filing of the "Commissioner's Opposition," and only six days before a jury trial in the Florida action against Control Laser was scheduled to commence, Control Laser submitted to the PTO a request for reexamination of the optically pumped patent. The principal basis stated for Control Laser's request was the purported applicability of the summary judgment in *Gould v. Mossinghoff* to the validity of the optically pumped patent.

23. On September 8, 1982, the Florida action against Control Laser was rescheduled for November 1, 1982, because of the recusal of the presiding judge and reassignment of the case to a new judge. Thereafter, on October 6, 1982, Control Laser moved for a continuance of the trial pending the outcome of its request for reexamination in the PTO. On October 12, 1982, the court granted Control Laser's motion and ordered a continuance of the trial, ruling that if the PTO granted reexamination, the entire case would be stayed until the PTO's decision on reexamination is considered final.

The court further ordered that if the PTO decided not to order reexamination, the case would be set for trial during the first quarter of 1983.

24. Control Laser's request for reexamination was followed by a series of similar requests for reexamination by other parties that Gould has sued for infringement, as follows:

(a) On September 8, 1982, the day after Control Laser forwarded its request for reexamination to PTO, Bell Labs submitted to the PTO a request to reexamine the optically pumped patent. The request set forth no specific basis whatsoever for the reexamination which was sought.

(b) On September 29, 1982, Lumonics filed with the PTO a request for reexamination of the use patent.

(c) On November 17, 1982, General Motors filed a request for reexamination of the use patent.

Count I

25. The averments of paragraphs 1 through 24 above are incorporated herein by reference as if set out in full.

26. After the filing of the above-described requests for reexamination, Gould submitted papers to the PTO stating reasons for denying all of the requests, on the ground that they were based on matters which were not proper grounds for reexamination under 35 U.S.C. §§301-307.

27. The PTO refused to consider the submissions by Gould and returned the papers without filing them, on the ground that under PTO Rule 530(a), 37 C.F.R. §1.530(a), a patent owner may not file any papers in opposition to a request for reexamination prior to the time that reexamination is granted.

28. On November 16, 1982, the PTO granted the requests for reexamination of the '845 patent filed by

Control Laser and Bell Labs. On December 8, 1982, the PTO granted the requests of Lumonics and General Motors to reexamine the '436 patent.

29. The grant of reexamination has caused and continues to cause plaintiffs serious, immediate and irreparable harm by making the licensing of the patents impossible as a practical matter. Indeed, certain infringers have ceased licensing negotiations with plaintiffs as a result of the order of reexamination.

30. The grants of reexaination are arbitrary and capricious and contrary to the Constitution and laws of the United States, in the following respects:

(a) Plaintiffs have been deprived of their property, including their ability to license the patents, without an opportunity to be heard, in violation of the due process clause of the fifth amendment.

(b) The reexamination threatens to deprive plaintiffs of their property interests in the patents in violation of the due process clause of the fifth amendment, in that the provisions of 35 U.S.C. §§301-307 had not been enacted when the PTO issued the patents to Gould, and the patents were therefore given to Gould by the PTO without any condition or contingency that they may be subject to reexamination or cancellation by the PTO in the future.

(c) The reexamination threatens to adjudicate the invalidity of the patents without the action of a federal judge and jury, in violation of article III of the Constitution and the seventh amendment.

(d) Although PTO Rule 21(x), 37 C.F.R. §1.21(x), provides for a filing fee of $1,500 to accompany any request for reexamination, Rule 26(c), 37 C.F.R. §1.26(c), provides for a refund of $1,200 to the requester if reexamination is denied, thus providing the PTO with a financial incentive to find in favor of reexamination, in violation of the due process clause of the fifth amendment.

(e) Section 2240 of the M.P.E.P. provides that all doubts on a request for reexamination should be resolved in favor of granting reexamination, in violation of the presumption of validity accorded to patents under 35 U.S.C. §282.

(f) The PTO and the Commissioner acted in violation of their own procedures by, *inter alia*, inviting requests for reexamination by filing the "Commissioner's Opposition," thereby unlawfully merging the PTO's separate functions of advocacy and adjudication.

31. Plaintiffs have no further administrative remedies to exhaust and no adequate remedy at law with respect to the grant of reexamination, since they continue to suffer immediate and irreparable harm while awaiting a final decision by the PTO on the validity of the patents. Further, since the cancellation of the patents by the PTO pursuant to reexamination would be clearly in violation of plaintiffs' constitutional and statutory rights, no further exhaustion of administrative remedies is required.

Count II

32. The averments of paragraphs 1 through 31 above are incorporated herein by reference as if set out in full.

33. Prior to the order for reexamination, Gould requested that the PTO stay all proceedings on the requests for reexamination of the optically pumped patent, to permit the trial against Control Laser in Florida to proceed promptly. The PTO denied this request, even though Control Laser's request for reexamination had been submitted to the PTO only six days before the jury trial against it was scheduled to commence, in accordance with section 2286 of the M.P.E.P., providing that reexamination proceedings will be stayed only if trial in a pending lawsuit has actually commenced. Subse-

quently, after reexamination was granted, Gould requested that all further proceedings of the patents be stayed pending judicial review in the present action, which request was also denied.

34. The PTO's practice as set forth in section 2286 of the M.P.E.P. is not authorized by law and is contrary to the PTO's statutory mandate as set forth in the reexamination statute.

35. The refusal of the PTO to stay its proceedings to permit the trial against Control Laser to proceed was arbitrary and capricious and contrary to law and constituted an abuse of discretion, in view of the fact that all pretrial proceedings in the action against Control Laser had been completed and the case was and is ready for trial.

36. Such action by the PTO has caused and continues to cause plaintiff serious, immediate and irreparable harm. Certain leading infringers of the optically pumped patent consider the action against Control Laser to be a "test case" which will determine whether or not they will agree to enter into licensing agreements with Gould and Patlex. Upon refusal of the PTO to stay its hand to permit the action against Control Laser to proceed, these infringers have ceased negotiations with Gould and Patlex concerning voluntary licensing. Further, delay of the action against Control Laser threatens to deprive Gould and Patlex of the financial resources necessary to bring suit against recalcitrant infringers prior to October of 1983, when the six-year statute of limitations will begin to prevent them from suing for infringement of the optically pumped patent committed immediately after issuance of that patent.

37. Gould and Patlex have no further administrative remedies to exhaust and no adequate remedy at law, since they continue to suffer immediate and irreparable harm while awaiting a final decision by the PTO on the validity of the patents, and since the action against Control Laser continues to be stayed pending such final determination by the PTO.

WHEREFORE, plaintiffs request that the Court enter an Order:

(a) declaring the procedures used by defendants in granting reexamination of plaintiffs' patent unconstitutional and contrary to law;

(b) declaring the provisions of 35 U.S.C. §§301-307 unconstitutional as applied to plaintiffs;

(c) preliminarily and, upon final hearing, permanently vacating the PTO's order of reexamination and enjoining defendants from proceeding further with reexamination of the '845 patent and the '436 patent; and

(d) granting such further relief as is just.

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EXHIBIT "A"

CHAPTER 30—PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

Sec
301. Citation of prior art.
302. Request for reexamination.
303. Determination of issue by Commissioner.
304. Reexamination order by Commissioner.
305. Conduct of reexamination proceedings.
306. Appeal.
307. Certificate of patentability, unpatentability, and claim cancellation.

§301. Citation of prior art

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3015.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and

must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.
Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3015.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Change of Name. Term "Commissioner of Patents and Trademarks" as meaning of the term "Commissioner of Patents" in all laws of the United States, see Pub. L. 93-596, §3, Jan. 2, 1975, 88 Stat. 1949, set out as a note under section 3 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§303. Determination of issue by Commissioner

(a) Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provision of section 301 of this title.

(b) A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Com-

missioner may refund a portion of the reexamination fee required under section 302 of this title.
Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3015.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§304. Reexamination order by Commissioner

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.
Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3016.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§305. Conduct of reexamination proceedings

After the times for filing the statement and reply provided for by section 304 of this title have expired,

reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Appeals, will be conducted with special dispatch within the Office.
Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3016.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§306. Appeal

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.
Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3016.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.

§307. Certificate of patentability, unpatentability, and claim cancellation

(a) In a reexamination proceeding under this chap-

ter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

Added Pub.L. 96-517, §1, Dec. 12, 1980, 94 Stat. 3016.

Effective Date. Section effective July 1, 1981, and applicable to patents in force as of July 1, 1981, or issued thereafter, see section 8(b) of Pub.L. 96-517, set out as a note under section 41 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-517, see 1980 U.S.Code Cong. and Adm.News, p. 6460.